

BOROUGH OF RUMSON
COUNTY OF MONMOUTH, NEW JERSEY
YEARS ENDED DECEMBER 31, 2011 AND 2010

FINANCIAL STATEMENTS
AND ADDITIONAL INFORMATION
with
INDEPENDENT AUDITOR'S REPORTS
and
COMMENTS AND RECOMMENDATIONS

BOROUGH OF RUMSON
COUNTY OF MONMOUTH, NEW JERSEY

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COUNTY OF MONMOUTH, NEW JERSEY

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Hutchins, Farrell, Meyer & Allison, P.A.

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INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and Members
of the Borough Council
Borough of Rumson, New Jersey

We have audited the accompanying regulatory-basis financial statements of the Borough of Rumson, County of Monmouth, New Jersey ("Borough") as of December 31, 2011 and 2010, and for the year ended December 31, 2011, which collectively comprise the Borough's basic financial statements listed as financial statement exhibits in the Table of Contents. These financial statements are the responsibility of the Borough's management. Our responsibility is to express an opinion on these financial statements based on our audit.

Except as discussed in the following paragraphs, we conducted our audit in accordance with auditing standards generally accepted in the United States of America; in compliance with audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division"); and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards and requirements prescribed by the Division require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Borough's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

As described in Note 1, the Borough prepares its financial statements using accounting practices that demonstrate compliance with the regulatory basis of accounting and budget laws prescribed by the Division, which practices differ from accounting principles generally accepted in the United States of America. The effects on the financial statements of the variances between these regulatory accounting practices and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material. In addition, the financial statements of the Length of Service Award Program Fund ("LOSAP") have not been audited, and we were not required by the Division to audit nor were we engaged to audit the LOSAP Fund financial statements as part of our audit of the Borough's financial statements. The LOSAP Fund financial activities are included in the Borough's Trust Fund, and represent 5.88% and 5.74% of the assets and liabilities, respectively, of the Borough's Trust Funds as of December 31, 2011 and 2010.

In our opinion, because of the effects of the Borough's preparing its financial statements on the basis of accounting discussed in the preceding paragraph, the financial statements referred to above do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Borough as of December 31, 2011 and 2010, or the changes in its financial position, or, where applicable, its cash flows for the years then ended. Further, the Borough has not presented a Management's Discussion and Analysis that accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the basic financial statements.

Also in our opinion, except for the effects of such adjustments, if any, as might have been determined to be necessary had the LOSAP Fund financial statements been audited, the regulatory-basis financial statements referred to above present fairly, in all material respects, the financial position, on a regulatory accounting basis, of the various funds of the Borough as of December 31, 2011 and 2010, and the results of operations and changes in fund balance - regulatory basis of such funds for the years then ended and the Statements of Revenues - Regulatory Basis and the Statement of Expenditures - Regulatory Basis of the various funds for the years ended December 31, 2011 and 2010 on the basis of accounting described in Note 1.

In accordance with Government Auditing Standards, we have also issued our report dated April 10, 2012 on our consideration of the Borough's internal control structure over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Our audit was performed for the purpose of forming an opinion on the regulatory-basis financial statements taken as a whole. The accompanying supplementary schedules and Comments section listed in the Table of Contents are presented for purposes of additional analysis as required by the Division and are not a required part of the regulatory-basis financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole, on the basis of accounting described in Note 1.

Hutchins, Farrell, Meyer & Allison, P.A.

Independent Auditors



Eugene M. Farrell
Registered Municipal Accountant
(#409)

April 10, 2012

FINANCIAL STATEMENTS

CURRENT FUND

EXHIBITS

BOROUGH OF RUMSON
COUNTY OF MONMOUTH, NEW JERSEY

CURRENT FUND

COMPARATIVE BALANCE SHEET - REGULATORY ACCOUNTING BASIS

December 31, 2011 and 2010

<u>Assets</u>	<u>Reference</u>	<u>2011</u>	<u>2010</u>	<u>Liabilities, Reserves and Fund Balance</u>	<u>Reference</u>	<u>2011</u>	<u>2010</u>
Cash	1-A	\$ 15,668,601.10	\$ 16,247,761.27	Appropriation Reserves	A-3, 10-A	\$ 805,088.07	\$ 1,399,859.07
				Encumbrances Payable	11-A	208,010.18	591,140.95
				Accounts Payable	12-A	16,361.43	11,860.25
				Due To General Capital Fund	19-A	300,000.00	
				Due To State of New Jersey:			
				Senior Citizens' and Veterans' Deductions	2-A	8,108.03	6,608.03
				Marriage Licenses	13-A	125.00	175.00
				U.C.C. Fees	14-A	5,206.88	5,166.52
				Prepaid Taxes	15-A	353,620.72	355,994.07
				Tax Overpayments Payable	16-A	42,692.39	45,922.12
				Sewer Fee Overpayments	17-A	4,220.51	4,247.56
				Drive-In Sanitation Overpayments	18-A	800.00	400.00
				Third Party Liens Payable	20-A	28.62	28.62
				County Taxes Payable	21-A	69,956.53	70,582.18
				Local School District Tax Payable	22-A	4,005,214.76	4,005,213.76
				Regional High School Tax Payable	22-A	3,787,060.18	3,787,060.25
				Prior Year Construction Fee Payable	23-A	133.50	133.50
				Due To Grant Fund	A	139,862.37	186,269.09
Receivables With Full Reserves:				Reserve for:			
Taxes Receivable	3-A	463,982.57	346,519.58	Master Plan	25-A	82.82	82.82
Sewer Fees Receivable	4-A	48,268.53	35,850.45	Revaluation	26-A	16,477.91	16,477.91
Property Acquired for Taxes -				Tax Sale Premiums	27-A	100.00	40,300.00
Assessed Valuation	5-A	5,800.00	5,800.00	Tax Appeals	31-A	463,937.02	
Revenue Accounts Receivable	6-A	4,024.19	5,855.37				
Due From Animal Control							
Trust Fund	7-A	1,595.13	3,717.36				
						10,227,086.92	10,527,521.70
Deferred Charges:				Reserve for Receivables	A	523,670.42	397,742.76
Emergency	30-A	25,000.00		Fund Balance	A-1	5,466,514.18	5,720,239.57
						16,217,271.52	16,645,504.03
Grant Fund:				Grant Fund:			
State Grants Receivable	9-A	168,454.00	8,454.00	Encumbrances Payable	24-A		1,860.00
Due From Current Fund	A	139,862.37	186,269.09	Reserve for Grant Expenditures:			
				Appropriated	28-A	274,652.24	151,803.00
				Unappropriated	29-A	33,664.13	41,060.09
						308,316.37	194,723.09
Total Assets		\$ 16,525,587.89	\$ 16,840,227.12	Total Liabilities, Reserves and Fund Balance		\$ 16,525,587.89	\$ 16,840,227.12

See accompanying notes.

BOROUGH OF RUMSON
COUNTY OF MONMOUTH, NEW JERSEY

CURRENT FUND

COMPARATIVE STATEMENT OF OPERATIONS AND CHANGES IN FUND BALANCE -
REGULATORY ACCOUNTING BASIS

Years ended December 31, 2011 and 2010

	<u>Reference</u>	<u>2011</u>	<u>2010</u>
<u>Revenue and Other Income Realized</u>			
Fund Balance Utilized	A-2	\$ 1,577,600.00	\$ 2,595,250.00
Miscellaneous Revenue Anticipated	A-2	3,645,070.34	3,126,831.83
Receipts From Delinquent Taxes	A-2,3-A	330,162.12	225,108.77
Receipts From Current Taxes	A-2,3-A	44,211,038.68	43,877,978.18
Non-Budget Revenue	A-2	188,193.69	60,664.56
Cancellation of:			
Unexpended Balances of Appropriation			
Reserves	10-A	682,553.36	651,919.23
Accounts Payable	12-A	1,948.98	147,921.78
Statutory Dog Excess	7-A	1,595.13	3,717.36
Interfunds Returned	A	3,717.36	103,534.73
Total Revenues		<u>\$ 50,641,879.66</u>	<u>\$ 50,792,926.44</u>
<u>Expenditures</u>			
Budget and Emergency Appropriations:			
Operations:			
Salaries and Wages	A-3	4,837,753.00	4,874,664.50
Other Expenses	A-3	6,004,498.23	6,571,612.07
Capital Improvements	A-3	325,000.00	400,000.00
Municipal Debt Service	A-3	2,333,604.72	2,078,423.10
Deferred Charges and Statutory			
Expenditures	A-3	997,553.00	835,690.00
Prior Years' Revenue Refunded	1-A	6,686.14	709.33
Refund of Police Receipts	1-A	1,505.00	
Prior Year Senior Citizens Disallowed	2-A	2,000.00	1,250.00
County Taxes	3-A,21-A	9,716,789.04	9,737,193.00
County Share of Added Taxes	3-A,21-A	69,956.53	70,582.18
Local School District Tax	3-A,22-A	13,840,220.00	13,582,768.00
Regional High School Tax	3-A,22-A	11,205,844.26	11,290,387.66
Interfund Advances	A	1,595.13	3,717.36
Total Expenditures		<u>49,343,005.05</u>	<u>49,446,997.20</u>
Excess in Revenue		1,298,874.61	1,345,929.24
Adjustment To Income Before Fund Balance:			
Expenditures Above Which Are By Statute			
Deferred Charges To Budget of Succeeding			
Year	A-3	25,000.00	
Statutory Excess To Fund Balance		1,323,874.61	1,345,929.24
Fund Balance, January 1	A	5,720,239.57	6,969,560.33
		7,044,114.18	8,315,489.57
Decreased By:			
Utilization as Anticipated Revenue	A-2	1,577,600.00	2,595,250.00
Fund Balance, December 31	A	<u>\$ 5,466,514.18</u>	<u>\$ 5,720,239.57</u>

See accompanying notes.

BOROUGH OF RUMSON
COUNTY OF MONMOUTH, NEW JERSEY

CURRENT FUND

STATEMENT OF REVENUES - REGULATORY ACCOUNTING BASIS

Year ended December 31, 2011

	Reference	Anticipated Budget After Modification	Amount Realized	Excess/ (Deficit)
Surplus Anticipated	A-1	\$ 1,577,600.00	\$ 1,577,600.00	
Miscellaneous Revenues:				
Licenses:				
Alcoholic Beverages	6-A	15,202.10	28,583.60	\$ 13,381.50
Fees and Permits:				
Other	6-A	120,000.00	128,802.10	8,802.10
Fines and Costs:				
Municipal Court	6-A	82,000.00	69,066.82	(12,933.18)
Interest and Cost on Taxes	6-A	90,000.00	115,246.24	25,246.24
Interest on Investments	6-A	160,000.00	143,192.85	(16,807.15)
Sewer Service Charges	6-A	1,100,000.00	1,169,615.26	69,615.26
Cellular Tower Fees	6-A	101,000.00	116,379.96	15,379.96
Cable Franchise Fees	6-A	106,185.63	106,185.63	
Energy Receipts Taxes	6-A	660,673.00	624,078.00	(36,595.00)
Supplemental Energy Receipts Taxes	6-A		36,595.00	36,595.00
Uniform Construction Code Fees	6-A	222,000.00	259,362.33	37,362.33
Uniform Fire Safety Act	6-A	3,871.53	11,579.45	7,707.92
Trash Collection Charges	6-A	51,600.00	54,400.00	2,800.00
Recycling Fees	6-A	10,991.00	59,123.59	48,132.59
Interlocal - Fair Haven	6-A	30,100.00	30,755.00	655.00
Clean Communities Program	6-A	13,741.87	13,741.87	
Alcohol Education and Rehabilitation Fund	6-A	809.02	809.02	
Stormwater Grant	6-A	10,000.00	9,130.00	(870.00)
NJ DOT- Blackpoint Program	6-A	160,000.00	160,000.00	
Recycling Tonnage Grant	6-A	41,060.09	41,060.09	
Total Miscellaneous Revenues	A-1	3,446,597.77	3,645,070.34	198,472.57
Receipts From Delinquent Taxes	3-A	340,000.00	330,612.12	(9,387.88)
Amount To Be Raised By Taxes for Support of Municipal Budget	A-2	9,808,212.16	10,070,465.02	262,252.86
Budget Revenues	A-3	15,172,409.93	15,623,747.48	451,337.55
Non-Budget Revenue	A-1,A-2		188,193.69	188,193.69
		\$ 15,172,409.93	\$ 15,811,941.17	\$ 639,531.24

See accompanying notes.

BOROUGH OF RUMSON
COUNTY OF MONMOUTH, NEW JERSEY

Exhibit A-2
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CURRENT FUND

STATEMENT OF REVENUES - REGULATORY ACCOUNTING BASIS

Year ended December 31, 2011

Reference

Allocation of Current Tax Revenues

Allocation of Current Tax Collections:

Revenue From Collections	A-1,3-A	\$ 44,211,038.68
Allocated To School and County Taxes	3-A	<u>34,832,809.83</u>

Balance for Support of Municipal Budget Appropriations		9,378,228.85
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Add: Appropriation "Reserve for Uncollected Taxes"	A-3	<u>692,236.17</u>
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Amount for Support of Municipal Budget Appropriations	A-2	<u><u>\$ 10,070,465.02</u></u>
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Analysis of Non-Budget Revenue

NSF Check Fees		\$ 340.00
Prior Year Refund		4,296.62
Public Auction		45,615.58
Copy Fees		25.01
FEMA Receipts		91,885.15
Senior Citizen Administration Fee		1,005.00
Police Receipts		1,505.00
DMV Inspection Fees		3,336.50
Outside Work Admin Fee		29,576.25
Other Miscellaneous Fees		<u>10,608.58</u>
	A-2,1-A	<u><u>\$ 188,193.69</u></u>

See accompanying notes.

BOROUGH OF RUMSON
COUNTY OF MONMOUTH, NEW JERSEY

CURRENT FUND

STATEMENT OF APPROPRIATIONS - REGULATORY ACCOUNTING BASIS

Year ended December 31, 2011

	Original Budget	Appropriated Emergency Appropriation	Budget After Modification	Paid or Charged	Expended	Reserved	Cancelled
General Appropriations Operations - Within "CAPS"							
GENERAL GOVERNMENT							
General Administration:							
Salaries and Wages	\$ 149,848.00	\$	\$ 149,848.00	\$ 148,019.33	\$	1,828.67	
Other Expenses	100,000.00		100,000.00	59,656.29		40,343.71	
Mayor and Council:							
Salaries and Wages	2,071.00		2,071.00	2,071.00			
Newsletter	14,500.00		14,500.00	9,220.00		5,280.00	
Municipal Clerk:							
Salaries and Wages	137,895.00		137,895.00	137,895.00			
Other Expenses	13,000.00		13,000.00	10,537.50		2,462.50	
Elections	2,500.00		2,500.00	2,030.92		469.08	
Financial Administration (Treasury):							
Salaries and Wages	113,585.00		113,585.00	113,585.00			
Other Expenses	15,000.00		15,000.00	9,204.42		5,795.58	
Audit Services:							
Other Expenses	41,000.00		41,000.00	41,000.00			
Revenue Administration (Tax Collection):							
Salaries and Wages	60,298.00		60,298.00	60,298.00			
Other Expenses	10,000.00		10,000.00	9,202.23		797.77	
Tax Assessment Administration:							
Salaries and Wages	43,238.00		43,238.00	43,238.00			
Other Expenses	29,350.00		29,350.00	28,438.92		911.08	
Records Retention and Disposal:							
Other Expenses	2,500.00		2,500.00	2,025.00		475.00	
Legal Services (Legal Department):							
Other Expenses	150,000.00		150,000.00	69,369.16		80,630.84	
Engineering Services:							
Other Expenses	90,000.00		90,000.00	78,103.44		11,896.56	
LAND USE ADMINISTRATION							
Planning Board:							
Salaries and Wages	14,655.00		14,655.00	14,243.00		412.00	
Other Expenses	6,000.00		6,000.00	4,696.05		1,303.95	
Zoning Board of Adjustment:							
Salaries and Wages	14,655.00		14,655.00	13,954.00		701.00	
Other Expenses	6,000.00		6,000.00	4,601.23		1,398.77	
Zoning Enforcement Officer:							
Salaries and Wages	41,406.00		41,406.00	41,406.00			

See accompanying notes.

BOROUGH OF RUMSON
COUNTY OF MONMOUTH, NEW JERSEY

CURRENT FUND

STATEMENT OF APPROPRIATIONS - REGULATORY ACCOUNTING BASIS

Year ended December 31, 2011

	Appropriated		Expended		Cancelled
	Original Budget	Emergency Appropriation	Budget After Modification	Paid or Charged	Reserved
General Appropriations Operations - Within "CAPS"					
CODE ENFORCEMENT AND ADMINISTRATION					
Uniform Construction Code Enforcement Functions:					
Salaries and Wages	11,715.00		11,715.00	11,715.00	
Plumbing Inspector:					
Salaries and Wages	21,747.00		21,747.00	20,772.95	974.05
Electrical Inspection:					
Salaries and Wages	32,500.00		32,500.00	31,825.18	674.82
Fire Protection Official:					
Salaries and Wages	9,763.00		9,763.00	9,763.00	
Fire Sub-Code Official:					
Salaries and Wages	5,304.00		5,304.00	5,304.00	
Construction Code Official:					
Salaries and Wages	188,554.00		188,554.00	164,943.53	23,610.47
Other Expenses	10,350.00		10,350.00	7,892.33	2,457.67
PUBLIC SAFETY					
Police Department:					
Salaries and Wages	1,955,000.00		1,955,000.00	1,807,668.59	147,331.41
Other Expenses	100,000.00		100,000.00	96,349.49	3,650.51
Purchase of Police Vehicles	50,000.00		50,000.00	49,862.32	137.68
Police Dispatch/911:					
Salaries and Wages	160,389.00		160,389.00	146,366.85	14,022.15
Annual Charge - 911 System	5,536.47		5,536.47	5,536.47	
Aid To Volunteer Fire Companies:					
Other Expenses	15,300.00		15,300.00	15,300.00	
Aid To First Aid Organization:					
Salaries and Wages	5,071.00		5,071.00	4,623.60	447.40
Other Expenses	36,000.00		36,000.00	26,530.44	9,469.56
Aid	7,650.00		7,650.00	7,650.00	
Fire Department:					
Salaries and Wages	10,142.00		10,142.00	10,142.00	
Other Expenses	20,000.00		20,000.00	15,491.27	4,508.73
Municipal Prosecutor's Office:					
Salaries and Wages	15,843.00		15,843.00	13,843.00	2,000.00
Other Expenses	100.00		100.00		100.00

See accompanying notes.

BOROUGH OF RUMSON
COUNTY OF MONMOUTH, NEW JERSEY

CURRENT FUND

STATEMENT OF APPROPRIATIONS - REGULATORY ACCOUNTING BASIS

Year ended December 31, 2011

	Appropriated		Expended		Cancelled
	Original Budget	Emergency Appropriation	Budget After Modification	Paid or Charged	
General Appropriations Operations - Within "CAPS"					
PUBLIC WORKS					
Streets and Road Maintenance:					
Salaries and Wages	969,666.00		969,666.00	848,223.90	121,442.10
Other Expenses	65,450.00		65,450.00	55,297.72	10,152.28
Sewer System:					
Salaries and Wages	160,269.00		160,269.00	158,121.29	2,147.71
Other Expenses	67,620.00		67,620.00	47,286.29	20,333.71
Shade Tree Commission:					
Other Expenses	25,000.00		25,000.00	21,284.40	3,715.60
Storm Drain Cleaning	1,000.00		1,000.00	1,000.00	
Stormwater Management	1,000.00		1,000.00	983.73	16.27
Solid Waste Collection:					
Salaries and Wages	374,399.00		374,399.00	361,819.32	12,579.68
Other Expenses	4,500.00		4,500.00	4,397.90	102.10
Recycling:					
Salaries and Wages	77,400.00		77,400.00	72,472.30	4,927.70
Other Expenses	2,030.00		2,030.00	1,686.95	343.05
Buildings and Grounds:					
Salaries and Wages	46,016.00		46,016.00	43,744.99	2,271.01
Other Expenses	27,000.00		27,000.00	20,814.62	6,185.38
Property Lease	6,000.00		6,000.00	4,738.14	1,261.86
Vehicle Maintenance (Including Police Vehicles):					
Other Expenses	80,000.00		105,000.00	100,998.44	4,001.56
HEALTH AND HUMAN SERVICES					
Animal Control Services:					
Salaries and Wages	5,266.00		5,266.00	4,265.00	1,001.00

See accompanying notes.

BOROUGH OF RUMSON
COUNTY OF MONMOUTH, NEW JERSEY

CURRENT FUND

STATEMENT OF APPROPRIATIONS - REGULATORY ACCOUNTING BASIS

Year ended December 31, 2011

	Original Budget	Appropriated Emergency Appropriation	Budget After Modification	Paid or Charged	Expended	Reserved	Cancelled
General Appropriations Operations - Within "CAPS"							
PARK AND RECREATION							
Recreation Services and Programs:							
Salaries and Wages	107,181.00		107,181.00	105,656.00		1,525.00	
Other Expenses	10,000.00		10,000.00	10,000.00			
Senior Citizen Transportation:							
Other Expenses	4,056.00		4,056.00	4,056.00			
Maintenance of Parks:							
Other Expenses	42,000.00		42,000.00	35,909.72		6,090.28	
Municipal Court:							
Salaries and Wages	73,058.00		73,058.00	69,699.51		3,358.49	
Other Expenses	10,800.00		10,800.00	4,714.66		6,085.34	
Public Defender:							
Salaries and Wages	2,538.00		2,538.00	2,538.00			
Board of Health:							
Hepatitis B Vaccine Costs	500.00		500.00	96.00		404.00	
Visiting Nurse Services - Contractual	1,000.00		1,000.00	1,000.00			
INSURANCE							
General Liability	369,979.00		369,979.00	312,601.73		57,377.27	
Employee Group Health	1,385,510.00		1,360,510.00	1,337,254.51		23,255.49	
Waiver of Insurance	4,490.00		4,490.00	4,489.75		0.25	
Homeland Security (NJSA 40A:4-45.3(pp))							
Office of Emergency Management:							
Other Expenses	15,000.00		15,000.00	5,956.04		9,043.96	

See accompanying notes.

BOROUGH OF RUMSON
COUNTY OF MONMOUTH, NEW JERSEY

CURRENT FUND

STATEMENT OF APPROPRIATIONS - REGULATORY ACCOUNTING BASIS

Year ended December 31, 2011

	Appropriated		Expended		Cancelled
	Original Budget	Emergency Appropriation	Budget After Modification	Paid or Charged	Reserved
General Appropriations Operations - Within "CAPS"					
UTILITY EXPENSES AND BULK PURCHASES					
Electricity	184,500.00		184,500.00	162,861.67	21,638.33
Street Lighting	72,000.00		72,000.00	71,137.31	862.69
Telephone (excluding telephone acquisition)	22,000.00		22,000.00	19,909.72	2,090.28
Water	30,000.00		30,000.00	28,545.06	1,454.94
Fire Hydrants	107,916.00		107,916.00	106,661.66	1,254.34
Gas (natural or propane)	25,000.00		25,000.00	17,143.93	7,856.07
Gasoline	160,000.00		160,000.00	159,340.95	659.05
Landfill/Solid Waste Disposal Costs	500,000.00		500,000.00	458,990.39	41,009.61
Accumulated Sick Leave	15,000.00		15,000.00	6,269.46	8,730.54
Total Operations - Within "CAPS"	8,832,365.00		8,832,365.00	8,081,035.57	751,329.43
Contingent	5,000.00		5,000.00	272.24	4,727.76
Total Operations Including Contingent - Within "CAPS"	8,837,365.00		8,837,365.00	8,081,307.81	756,057.19
Detail:					
Salaries and Wages	4,815,998.00		4,815,998.00	4,474,743.34	341,254.66
Other Expenses (Including Contingent)	4,021,367.00		4,021,367.00	3,606,564.47	414,802.53
Deferred Charges and Statutory Expenditures - Municipal - Within "CAPS"					
STATUTORY EXPENDITURES					
Contribution To:					
Public Employees' Retirement System	317,030.00		317,030.00	317,030.00	
Social Security System (O.A.S.I.)	262,650.00		262,650.00	235,913.67	26,736.33
Police and Firemen's Retirement System	417,873.00		417,873.00	417,873.00	
Total Deferred Charges and Statutory Expenditures - Municipal - Within "CAPS"	997,553.00		997,553.00	970,816.67	26,736.33
Total General Appropriations for Municipal Purposes - Within "CAPS"	9,834,918.00		9,834,918.00	9,052,124.48	782,793.52

See accompanying notes.

BOROUGH OF RUMSON
COUNTY OF MONMOUTH, NEW JERSEY

CURRENT FUND

STATEMENT OF APPROPRIATIONS - REGULATORY ACCOUNTING BASIS

Year ended December 31, 2011

	Appropriated		Expended		Cancelled
	Original Budget	Emergency Appropriation	Budget After Modification	Paid or Charged	Reserved
General Appropriations Operations - Excluded from "CAPS"					
Aid To Oceanic Library (N.J.S.A. 40:54-35)	76,538.25		76,538.25	76,538.25	
Sewer Authority - Share of Cost	1,635,982.00		1,635,982.00	1,635,982.00	
LOSAP	40,000.00		40,000.00	27,600.00	12,400.00
Fair Haven Shared Service Agreement: Salaries and Wages	21,755.00		21,755.00	21,755.00	
PUBLIC AND PRIVATE PROGRAMS OFFSET BY REVENUES					
Matching for Grants	5,000.00		5,000.00		5,000.00
Recycling Tonnage Grant	41,060.09		41,060.09	41,060.09	
Clean Communities Program	13,741.87		13,741.87	13,741.87	
Alcohol Education Rehab	809.02		809.02	809.02	
Stormwater Grant	10,000.00		10,000.00	9,130.00	870.00
NJ DOT Grant	160,000.00		160,000.00	160,000.00	
Total Operations - Excluded From "CAPS"	2,004,886.23		2,004,886.23	1,986,616.23	18,270.00
Detail:					
Salaries and Wages	21,755.00		21,755.00	21,755.00	
Other Expenses	1,983,131.23		1,983,131.23	1,964,861.23	18,270.00
Capital Improvements - Excluded From "CAPS"					
Capital Improvement Fund	300,000.00		300,000.00	300,000.00	
Building Demolition		\$ 25,000.00	25,000.00	20,975.45	4,024.55
Total Capital Improvements - Excluded From "CAPS"	300,000.00	25,000.00	325,000.00	320,975.45	4,024.55

See accompanying notes.

BOROUGH OF RUMSON
COUNTY OF MONMOUTH, NEW JERSEY

CURRENT FUND

STATEMENT OF APPROPRIATIONS - REGULATORY ACCOUNTING BASIS

Year ended December 31, 2011

	Original Budget	Appropriated Emergency Appropriation	Budget After Modification	Paid or Charged	Expended	Reserved	Cancelled
General Appropriations Operations - Excluded from "CAPS"							
Municipal Debt Service - Excluded From "CAPS"							
Payment of Bond Principal	1,225,000.00		1,225,000.00	1,225,000.00			
Payment of Bond Anticipation Notes and Capital Notes	467,363.53		467,363.53	467,363.53			
Interest on Bonds	560,000.00		560,000.00	557,253.50			\$ 2,746.50
Interest on Notes	37,000.00		37,000.00	32,982.16			4,017.84
Green Trust Loan Program:							
Loan Repayments for Principal and Interest	51,006.00		51,006.00	51,005.53			0.47
Total Municipal Debt Service - Excluded From "CAPS"	2,340,369.53		2,340,369.53	2,333,604.72			6,764.81
Total General Appropriations - Excluded From "CAPS"	4,645,255.76	25,000.00	4,670,255.76	4,641,196.40		22,294.55	6,764.81
Subtotal General Appropriations	14,480,173.76	25,000.00	14,505,173.76	13,693,320.88		805,088.07	6,764.81
Reserve for Uncollected Taxes	692,236.17		692,236.17	692,236.17			
Total General Appropriations	\$ 15,172,409.93	\$ 25,000.00	\$ 15,197,409.93	\$ 14,385,557.05		\$ 805,088.07	\$ 6,764.81
Reference		A-1, 30-A	A-3			A	A-3
Adopted Budget	\$ 14,997,859.04						
Added by N.J.S. 40A:4-87	174,550.89						
	\$ 15,172,409.93						
Analysis of Paid or Charged							
Reserve for Uncollected Taxes				\$ 692,236.17			
Cash Disbursements				12,969,699.72			
Due To General Capital Fund				300,000.00			
Encumbrances Payable				208,010.18			
Reserve for Grant Expenditures - Appropriated				215,610.98			
				\$ 14,385,557.05			

See accompanying notes.

TRUST FUND

EXHIBITS

BOROUGH OF RUMSON
COUNTY OF MONMOUTH, NEW JERSEY

TRUST FUND

COMPARATIVE BALANCE SHEET - REGULATORY ACCOUNTING BASIS

December 31, 2011 and 2010

<u>Assets</u>	<u>Reference</u>	<u>2011</u>	<u>2010</u>	<u>Liabilities, Reserves and Fund Balance</u>	<u>Reference</u>	<u>2011</u>	<u>2010</u>
Animal Control Fund:				Animal Control Fund:			
Cash - Treasurer	1-B	\$ 28,152.93	\$ 27,654.96	Reserve for Dog Fund Expenditures	2-B	\$ 26,550.00	\$ 23,931.00
				Due To:			
				Current Fund	3-B	1,595.13	3,717.36
				State of New Jersey	7-B	7.80	6.60
						28,152.93	27,654.96
Trust - Other Funds:				Trust - Other Funds:			
Cash - Treasurer	1-B	2,585,046.10	2,324,179.54	Reserve for:			
				Various Trust Funds	4-B	2,579,451.24	2,318,584.68
				Special Assessment	5-B	2,613.00	2,613.00
				Payroll Deductions Payable	6-B	2,981.86	2,981.86
						2,585,046.10	2,324,179.54
Recreation Commission:				Recreation Commission:			
Cash - Treasurer	1-B	223,486.25	249,437.84	Fund Balance	B-1	223,486.25	249,437.84
Length of Service Award Program				Length of Service Award Program			
Fund ("LOSAP") - Unaudited:				Fund ("LOSAP") - Unaudited:			
Investments	9-B	177,132.54	158,500.71	Miscellaneous Reserves	11-B	177,132.54	158,500.71
Total Assets		\$ 3,013,817.82	\$ 2,759,773.05	Total Liabilities, Reserves and Fund Balance		\$ 3,013,817.82	\$ 2,759,773.05

See accompanying notes.

BOROUGH OF RUMSON
COUNTY OF MONMOUTH, NEW JERSEY

TRUST FUND - RECREATION COMMISSION

STATEMENT OF FUND BALANCE - REGULATORY ACCOUNTING BASIS

Year ended December 31, 2011

	<u>Reference</u>	
Balance, December 31, 2010	B	\$ 249,437.84
Increased By:		
Cash Receipts	1-B	<u>336,782.70</u>
		586,220.54
Decreased By:		
Operating Expenses	1-B	<u>362,734.29</u>
Balance, December 31, 2011	B	<u>\$ 223,486.25</u>

See accompanying notes.

GENERAL CAPITAL FUND

EXHIBITS

BOROUGH OF RUMSON
COUNTY OF MONMOUTH, NEW JERSEY

GENERAL CAPITAL FUND

COMPARATIVE BALANCE SHEET - REGULATORY ACCOUNTING BASIS

December 31, 2011 and 2010

<u>Assets</u>	<u>Reference</u>	<u>2011</u>	<u>2010</u>	<u>Liabilities, Reserves and Fund Balance</u>	<u>Reference</u>	<u>2011</u>	<u>2010</u>
Cash				Serial Bonds Payable	7-C	\$ 12,636,000.00	\$ 13,861,000.00
Due From:				Bond Anticipation Notes Payable	8-C	3,475,000.00	2,619,042.00
State of New Jersey				Green Acres Loan Payable	9-C	639,246.74	676,901.57
Current Fund				Encumbrances Payable	10-C	583,551.33	521,365.98
Deferred Charges To Future Taxation:				Due To State of New Jersey	3-C	133.00	
Funded	1-C,2-C	\$ 2,285,877.51	\$ 2,005,102.07	Improvement Authorizations:			
Unfunded				Funded	11-C	785,900.05	726,931.73
	3-C		41,117.00	Unfunded	11-C	4,431,816.80	387,899.56
	4-C	300,000.00		Retained Percentage Due To Contractors	12-C	84.00	84.00
				Capital Improvement Fund	13-C	642,495.77	383,232.19
	5-C	13,275,246.74	14,537,901.57	Reserve To Pay Bonds	14-C	75,000.00	250,000.00
	6-C	7,475,000.00	2,883,099.95	Fund Balance	C-1	66,896.56	40,763.56
Total Assets		<u>\$ 23,336,124.25</u>	<u>\$ 19,467,220.59</u>	Total Liabilities, Reserves and Fund Balance		<u>\$ 23,336,124.25</u>	<u>\$ 19,467,220.59</u>

See accompanying notes.

BOROUGH OF RUMSON
COUNTY OF MONMOUTH, NEW JERSEY

GENERAL CAPITAL FUND

STATEMENT OF FUND BALANCE - REGULATORY ACCOUNTING BASIS

Year ended December 31, 2011

	<u>Reference</u>	
Balance, December 31, 2010	C	\$ 40,763.56
Increased By:		
Premium on Sale of BANs	1-C	<u>26,133.00</u>
Balance, December 31, 2011	C	<u>\$ 66,896.56</u>

See accompanying notes.

PUBLIC ASSISTANCE FUND
EXHIBIT

BOROUGH OF RUMSON
COUNTY OF MONMOUTH, NEW JERSEY

PUBLIC ASSISTANCE FUND

COMPARATIVE BALANCE SHEET - REGULATORY ACCOUNTING BASIS

December 31, 2011 and 2010

<u>Assets</u>	<u>Reference</u>	<u>2011</u>	<u>2010</u>	<u>Reserves</u>	<u>Reference</u>	<u>2011</u>	<u>2010</u>
Cash	1-D	\$ 839.35	\$ 839.35	Reserve for Public Assistance Expenditures	2-D	\$ 839.95	\$ 839.35
Total Assets		\$ 839.35	\$ 839.35	Total Reserves		\$ 839.95	\$ 839.35

See accompanying notes.

GENERAL FIXED ASSETS ACCOUNT GROUP
EXHIBIT

BOROUGH OF RUMSON
COUNTY OF MONMOUTH, NEW JERSEY
GENERAL FIXED ASSETS ACCOUNT GROUP

COMPARATIVE BALANCE SHEET - REGULATORY ACCOUNTING BASIS

December 31, 2011 and 2010

<u>Assets</u>	<u>Reference</u>	<u>2011</u>	<u>2010</u>	<u>Liabilities</u>	<u>Reference</u>	<u>2011</u>	<u>2010</u>
Land	1-E	\$ 5,428,200.00	\$ 4,992,300.00				
Buildings	1-E	1,540,215.00	1,965,740.00				
Equipment	1-E	5,378,183.36	5,251,566.86				
Improvements	1-E	<u>4,400,750.75</u>	<u>4,400,750.75</u>	Investment in Fixed Assets	1-E	<u>\$ 16,747,349.11</u>	<u>\$ 16,610,357.61</u>
Total Assets		<u>\$ 16,747,349.11</u>	<u>\$ 16,610,357.61</u>	Total Liabilities		<u>\$ 16,747,349.11</u>	<u>\$ 16,610,357.61</u>

See accompanying notes.

NOTES TO FINANCIAL STATEMENTS

BOROUGH OF RUMSON
COUNTY OF MONMOUTH, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS

Years ended December 31, 2011 and 2010

1. Summary of Significant Accounting Policies

A. Reporting Entity

The Governmental Accounting Standards Board ("GASB") is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. GASB has adopted accounting statements to be used by governmental units when reporting financial position and results of operations in accordance with accounting principles generally accepted in the United States of America ("GAAP"). The municipalities in the State of New Jersey do not prepare financial statements in accordance with GAAP and thus do not comply with all of the GASB pronouncements.

The Borough of Rumson, County of Monmouth, New Jersey ("Borough") is governed by the Borough form of government, with a mayor and a 6-member Borough Council. The financial statements of the Borough include every board, body, officer or commission maintained wholly or in part by funds appropriated by the Borough, as required by the provision of N.J.S. 40A:5-5. The financial statements, however, do not include the operation of School Boards, Volunteer Fire Departments/Fire Districts and First Aid Squads which are subject to separate audit and are considered component units under GAAP. Included within the financial statements are taxes levied, collected and turned over to School Boards and appropriations for contributions to Volunteer Fire Departments and First Aid Squads. Complete financial statements of the above component units can be obtained by contacting the Treasurer of the respective entity.

B. Description of Funds

GASB is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. GASB Codification establishes three fund types to be used by general purpose governmental units when reporting financial position and results of operations in accordance with GAAP.

The accounting policies of the Borough conform to the accounting principles and practices applicable to municipalities prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. The accompanying financial statements are presented in the format prescribed by the State of New Jersey. Such principles and practices are designed primarily for determining compliance with legal provisions and budgetary restrictions and are a means of reporting on the stewardship of public officials with respect to public funds. Under this method of accounting, the Borough accounts for its financial transactions through the following separate funds:

Current Fund - is used to account for all revenues and expenditures applicable to the general operations of Borough departments.

Trust Funds - are used to account for assets held by the Borough in a trustee capacity or as an agent for individuals and other governmental agencies. Funds held by the Borough which have restrictions placed on the use of such funds are recorded in the Trust Fund.

BOROUGH OF RUMSON
COUNTY OF MONMOUTH, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS

Years ended December 31, 2011 and 2010

1. Summary of Significant Accounting Policies (continued)

B. Description of Funds (continued)

General Capital Fund - is used to account for financial resources to be used for the acquisition of general capital facilities. The major resources are derived from the sale of serial bonds and bond anticipation notes.

Public Assistance Fund - is used to account for resources restricted in use for the general welfare of citizens living within the Borough.

General Fixed Assets Account Group - The Borough has complied with Technical Accounting Directive No. 85-2 issued by the Division of Local Government Services. Technical Accounting Directive No. 85-2 utilizes the following accounting policies:

Fixed assets used in governmental operations (general fixed assets) are accounted for in the General Fixed Assets Account Group. Public domain (infrastructure) general fixed assets consisting of certain improvements other than buildings, such as roads, bridges, curbs and gutters, streets and sidewalks and drainage systems are not capitalized.

All fixed assets are valued at historical cost or estimated historical cost if actual historical cost is not available, except for land which is valued at estimated market value.

No depreciation is provided for in the financial statements.

Expenditures for construction in progress are recorded in the Capital Funds until such time as the construction is completed and put into operation.

Fixed assets acquired through grants in aid or contributed capital are not accounted for separately.

BOROUGH OF RUMSON
COUNTY OF MONMOUTH, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS

Years ended December 31, 2011 and 2010

1. Summary of Significant Accounting Policies (continued)

C. Measurement Focus, Basis of Accounting and Basis of Presentation

The accounting principles and practices prescribed for municipalities by the Division of Local Government Services differ in certain respects from GAAP applicable to local government units. The more significant differences follow.

A modified accrual basis of accounting is followed by the Borough. Modifications from the accrual basis follow:

Revenues

Revenues are recorded as received in cash except for statutory reimbursements and grant funds, which are due from other governmental units. State and federal grants for operating purposes are realized as revenues when anticipated in the Borough budget. Receivables for property taxes are recorded with offsetting reserves within the Current Fund. Other amounts that are due to the Borough which are susceptible to accrual are recorded as receivables with offsetting reserves. These reserves are liquidated and revenues are recorded as realized upon receipt of cash. GAAP requires the recognition of revenues for general operations in the accounting period in which they become available and measurable.

Expenditures

- (a) Disbursements for Current Fund inventory-type items are considered expenditures at the time of purchase;
- (b) Prepaid expenses are not recorded;
- (c) Interest on long-term debt included in the General Capital Fund is recorded as an expenditure when paid;
- (d) The encumbrance method of accounting, which records commitments such as purchase orders and contracts as a charge against the current year's budget in addition to expenditures made or accrued, is utilized. The cash basis of accounting, however, is followed for recording the Borough's share of contributions for fringe benefits, such as retirement plans, accrued sick leave and vacation leave.

Appropriation reserves are recorded at December 31 for unexpended appropriation balances except for amounts which, according to state statutes, may be cancelled by the governing body. The appropriation reserves are available to satisfy specific claims, commitments or contracts incurred during the preceding fiscal year. At the end of the succeeding fiscal year, the remaining unexpended balances lapse to fund balance through other credits to revenue.

BOROUGH OF RUMSON
COUNTY OF MONMOUTH, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS

Years ended December 31, 2011 and 2010

1. Summary of Significant Accounting Policies (continued)

C. Measurement Focus, Basis of Accounting and Basis of Presentation (continued)

Had the Borough's financial statements been prepared under generally accepted accounting principles, the encumbrance method of accounting would be followed for expenditures presently reflected on a paid or charged basis, appropriation reserves would not be recorded, revenues susceptible to accrual would have been reflected without offsetting reserves and inventories would not be reflected as expenditures at the time of purchase.

Accordingly, the accompanying financial statements are not intended to present financial position and results of operations in conformity with generally accepted accounting principles.

D. Budgets and Budgetary Accounting

An annual budget is required to be adopted and integrated into the accounting system to provide budgetary control over revenues and expenditures. Budget amounts presented in the accompanying financial statements represent amounts adopted by the Borough and approved by the State Division of Local Government Services in accordance with N.J.S.A. 40A:4 et seq.

E. Grants

Current Fund - State and federal grants and assistance awards made on the basis of entitlement periods are recorded as revenues when entitlement occurs.

Trust Fund - State and federal grants and assistance awards are dedicated by rider in the Trust Fund. A receivable and corresponding spending reserve are recorded when the grant is awarded.

Capital Fund - State and federal grants and assistance awards are recorded as a funding source for improvement authorizations or are established as receivables with an offsetting reserve.

BOROUGH OF RUMSON
COUNTY OF MONMOUTH, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS

Years ended December 31, 2011 and 2010

1. Summary of Significant Accounting Policies (continued)

F. Assessment and Collection of Property Taxes

New Jersey statutes require that taxable valuation of real property be prepared by the local unit tax assessor as of October 1 in each year and filed with the County Board of Taxation by January 10 of the following year. Upon the filing of certified adopted budgets by the Local Unit, Local School District, County and Special Districts, the tax rate is struck by the County Tax Board based on the certified amounts in each of the taxing districts for collection to fund the budgets. Pursuant to statute, this process is to be completed on or before May 3, with a completed duplicate of the tax rolls to be delivered to the Local Unit Tax Collector on or before May 13. New Jersey statutes require that each local unit provide for sufficient anticipated cash receipts equal to the "lawful yearly expenditure" which includes the total amount of property taxes to be raised by the local unit.

Taxes are levied on an annual basis and are due quarterly on February 1, May 1, August 1, and November 1. Any taxes not paid as of December 31 are subject to tax sale and lien in the subsequent year, with the exception of bankruptcies. The date of tax sale is at the discretion of the tax collector.

G. Foreclosed Property

Real property acquired for taxes is recorded in the Current Fund at assessed valuation when such property is acquired and is fully reserved.

H. Interfund Receivables

Interfund receivables created by cash transfers from the Current Fund are recorded with offsetting reserves created by charges to operations. Income is recognized in the year the receivables are liquidated. Interfund receivables in other funds are not offset by reserves.

I. Deferred Charges to Future Taxation Funded and Unfunded

Upon the authorization of capital projects, the Borough establishes deferred charges for the costs of the capital projects to be raised by future taxation. Funded deferred charges relate to permanent debt issued, whereas unfunded deferred charges relate to temporary or non-funding of the authorized cost of capital projects. According to N.J.S.A. 40A:2-4, the Borough may levy taxes on all taxable property within the local unit to repay the debt. Annually, the Borough raises the debt requirements for that particular year in the Current Fund budget. As funds are raised, the deferred charges are reduced.

BOROUGH OF RUMSON
COUNTY OF MONMOUTH, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS

Years ended December 31, 2011 and 2010

1. Summary of Significant Accounting Policies (continued)

J. Pension Plans

Substantially, all Borough employees participate in the Public Employees' Retirement System ("PERS") and Police and Firemen's Retirement System ("PFRS"). The Division of Pensions within the Treasury Department of the State of New Jersey is the administrator of the funds and charges municipalities annually for their respective contributions. The plans provide retirement and disability benefits, annual cost of living adjustments, and death benefits to plan members and beneficiaries. The plans are cost sharing multiple-employer defined benefit plans and as such do not maintain separate records for each municipality in the state and, therefore, the actuarial data for the Borough is not available. The Division of Pensions issues publicly available financial reports for each of the plans that include financial statements and required supplementary information. The reports may be obtained by writing the State of New Jersey, Division of Pensions.

Covered employees are required by State statute to contribute a certain percentage of their salary to the plan. Each member's percentage is based on age determined at the effective date of enrollment. In addition, PERS and PFRS bill the Borough annually at an actuarially determinable rate for its required contribution.

<u>Year</u>	<u>PERS</u>	<u>PFRS</u>
2011	\$ 317,030.00	\$ 417,873.00
2010	238,517.00	334,523.00
2009	230,899.00	323,211.00

Under the provisions of Chapter 78, P.L. 2011, employee pension contribution rates increased during 2011 by the following amounts:

- For PERS members, the employee pension contribution rate increased from 5.5% to 6.5% of salary. An additional increase to be phased over the next 7 years will bring the total pension contribution rate to 7.5% of salary.

For PERS Prosecutors Part members, the employee pension contribution rate increased from 8.5% to 10% of salary.

- For PFRS members, the employee pension contribution rate increased from 8.5% to 10% of salary.

For local government employees and State employees who are not paid through the State Centralized Payroll Unit or not reported on a biweekly payroll schedule, the increase was effective with the first payroll amount to be paid on or after October 1, 2011.

The second phase of the employee contribution increase from 6.5% to 7.5% applies to PERS members. This increase is to be phased in equally over a 7-year period beginning July 2012. The contribution rate will increase by 0.14% each year with the first payroll of July until the 7.5% contribution rate is reached in July, 2018.

BOROUGH OF RUMSON
COUNTY OF MONMOUTH, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS

Years ended December 31, 2011 and 2010

1. Summary of Significant Accounting Policies (continued)

K. Volunteer Length of Service Award Plan

The Borough has established a Volunteer Length of Service Award Plan ("LOSAP") ("Plan") to ensure retention of the Borough's volunteer Fire Departments. The Plan shall be construed under the laws of the State of New Jersey and is established with the intent that it meets the requirements of a "length of service award plan under Section 457(e)11 of the Internal Revenue Code".

Annual Contributions - The annual contribution to be made by the Borough for each active volunteer member shall be \$1,150.00 per year of active emergency service, commencing with the year 2005.

Appropriations - Appropriations for the purpose of funding the Borough's LOSAP shall be included as a separate line item in the Borough's budget, commencing with the year 2005.

Periodic Increases - Notwithstanding the provisions above, the annual contribution to be made by the Borough for each active volunteer member shall not be subject to periodic increases based upon the "consumer price index factor" pursuant to subsection f. of section 3 of P.L. 1997, c. 388 (N.J.S.A. 40A:14-185).

Estimated Cost - The estimated cost of the program to the Borough has been calculated to be approximately \$69,000.00 per year. (This amount may vary annually, however, based upon the total number of eligible active volunteer members in the program).

L. Deposits and Investments

Deposits

New Jersey statutes permit the deposit of public funds in institutions located in New Jersey which are insured by the Federal Deposit Insurance Corporation ("FDIC"), or by any other agencies of the United States that insure deposits, the State of New Jersey Cash Management Fund and government money market mutual funds through registered broker/dealers and banks. New Jersey statutes require public depositories to maintain collateral for deposit of public funds that exceed insurance limits as follows:

The market value of the collateral must equal 5 percent of the average daily balance of public funds; or

If the public funds deposited exceed 75 percent of the capital funds of the depository, the depository must provide collateral having a market value equal to 100 percent of the amount exceeding 75 percent.

BOROUGH OF RUMSON
COUNTY OF MONMOUTH, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS

Years ended December 31, 2011 and 2010

1. Summary of Significant Accounting Policies (continued)

L. Deposits and Investments (continued)

Deposits (continued)

All collateral must be deposited with the Federal Reserve Bank, the Federal Home Loan Bank Board or a banking institution that is a member of the Federal Reserve System and has capital funds of not less than \$25,000,000. The State of New Jersey Cash Management Fund is authorized by statute and regulations of the State Investment Council to invest in fixed income and debt securities which mature within one year. Collateralization of Fund investments is generally not required.

Investments

New Jersey statutes establish the following securities as eligible for the investment of Borough funds:

- (a) Bonds or other obligations of the United States or obligations guaranteed by the United States.
- (b) Government Money Market Mutual Funds.
- (c) Any obligation that a federal agency or a federal instrumentality has issued in accordance with an Act of Congress, which security has a maturity date not greater than 397 days from the date of purchase, provided that such obligation bears a fixed rate of interest not dependent on any index or other external factor.
- (d) Bonds or other obligations of the Borough, or bonds or other obligations of school districts of which the Borough is a part or within which the school district is located.
- (e) Bonds or other obligations, having a maturity date of not more than 397 days from the date of purchase, that are approved by the New Jersey Department of Treasury, Division of Investments.
- (f) Local Government Investment Pools.
- (g) Deposits with the State of New Jersey Cash Management Fund established pursuant to Section 1 of P.L. 1977, C. 281 (C.52:18A:90.4).

BOROUGH OF RUMSON
COUNTY OF MONMOUTH, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS

Years ended December 31, 2011 and 2010

1. Summary of Significant Accounting Policies (continued)

L. Deposits and Investments (continued)

Investments (continued)

Repurchase agreements (15.1(a)(8)) must comply with the following conditions:

- (a) The underlying securities are permitted investments, pursuant to the list contained in (a) and (c) above.
- (b) The custody of the collateral is transferred to a third party. This means the bank must contract with a trusted third party to hold the collateral to ensure it is not pledged against any other investments.
- (c) The maturity of the agreement is not more than 30 days.
- (d) The underlying securities are purchased through a GUDPA bank.
- (e) A master repurchase agreement providing for the custody and security of collateral is executed.

Local Government Investment Pools ("LGIP") (15.1(e)(2)) are subject to the following requirements:

- (a) It is managed in accordance with the SEC's government money market rules (2a-7).
- (b) It is rated in the highest category by a nationally recognized statistical rating organization.
- (c) Have their portfolio limited to U.S. Government securities as defined in 2a-7 and repurchase agreements that are collateralized by such U.S. Government securities.

Every local unit must have a Cash Management Plan ("Plan"); the Plan is subject to audit. In addition, when the Plan permits investments for more than one year, the investment must approximate the prospective use of funds. This primarily relates to U.S. securities and local bond issue purchases. The law also requires that cash management plans provide for the CFO to give the governing body a monthly report that summarizes:

BOROUGH OF RUMSON
COUNTY OF MONMOUTH, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS

Years ended December 31, 2011 and 2010

1. Summary of Significant Accounting Policies (continued)

L. Deposits and Investments (continued)

Investments (continued)

- (a) All investments made or redeemed over the past month.
- (b) Each organization holding local unit funds.
- (c) The amount of securities purchased or sold, class or type of securities purchased, book value, earned income, fees incurred, and market value of all investments as of the report date.
- (d) Other information that may be required by the governing body.

The Borough is permitted to invest public funds in accordance with N.J.S.A. 40A:5-15.1. These investments include bonds or other obligations of the United States or obligations guaranteed by the United States, Government Money Market Mutual Funds, bond or other obligations of the Borough or bonds or other obligations of the school district, local government investment pools, and agreements for the repurchase of fully-collateralized securities, if purchased in accordance with N.J.S.A. 40A:5-15.1. The Borough is also permitted to invest Length of Service Award Program ("LOSAP") funds with the types of eligible investments authorized in N.J.A.C. 5:30-14.19. These investments include interest-bearing accounts or securities in which savings banks of New Jersey are authorized to invest their funds, New Jersey Cash Management Fund, fixed and variable individual or group annuity contracts, mutual fund shares or fixed and variable life insurance contracts.

M. Inventories of Supplies

The costs of inventories of supplies for all funds are recorded as expenditures at the time the individual items are purchased. The costs of inventories are not included on the various balance sheets.

N. Basic Financial Statements

The GASB Codification also requires the financial statements of a governmental unit to be presented in the basic financial statements in accordance with GAAP. The Borough presents the financial statements listed in the Table of Contents which are required by the Division of Local Government Services, Department of Community Affairs, State of New Jersey ("Division"), and which differ from the financial statements required by GAAP. In addition, the Division requires the financial statements listed in the Table of Contents to be referenced to the supplementary schedules. This practice differs from reporting requirements under GAAP.

BOROUGH OF RUMSON
COUNTY OF MONMOUTH, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS

Years ended December 31, 2011 and 2010

2. Deposits and Investments

The Borough considers petty cash, change funds, cash in banks, certificates of deposit and deposits with the New Jersey Cash Management Fund as Cash and Cash Equivalents.

Deposits

The Borough's deposits are insured through either the Federal Deposit Insurance Corporation ("FDIC") or New Jersey's Governmental Unit Deposit Protection Act ("GUDPA"). GUDPA requires all banks doing business in the State of New Jersey to maintain additional collateral in the amount of 5% of the average public deposits and to deposit these amounts with the Federal Reserve Bank for all deposits not covered by FDIC.

Bank balances at December 31, 2011 and 2010 are insured up to \$250,000.00 in the aggregate by the FDIC for each bank. At December 31, 2011 and 2010, the book value of the Borough's deposits were \$20,792,003.24 and \$20,854,975.03, respectively.

Custodial Credit Risk Related to Deposits

Custodial Credit Risk is the risk that, in the event of a bank failure, the Borough's deposits might not be recovered. Although the Borough does not have a formal policy regarding custodial credit risk, NJSA 17:9-41 et seq. requires that governmental units shall deposit public funds in public depositories protected from loss under the provisions of GUDPA. Under the Act, the first \$250,000.00 of governmental deposits in each insured depository is protected by the FDIC. Public funds owned by the municipality in excess of FDIC insured amounts are protected by GUDPA. However, GUDPA does not protect intermingled trust funds such as salary withholdings, bail funds, or funds that may pass to the municipality relative to the happening of a future condition. Such funds are shown as Uninsured and Uncollateralized in the schedule below.

At December 31, 2011 and 2010, the Borough's bank balances of \$20,878,438.63 and \$20,986,625.92, respectively, were exposed to Custodial Credit Risk as follows:

	<u>2011</u>	<u>2010</u>
Insured	\$ 19,067,905.63	\$ 19,220,100.72
Uninsured and Uncollateralized	<u>1,810,533.00</u>	<u>1,766,525.20</u>
	<u>\$ 20,878,438.63</u>	<u>\$ 20,986,625.92</u>

BOROUGH OF RUMSON
COUNTY OF MONMOUTH, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS

Years ended December 31, 2011 and 2010

2. Deposits and Investments (continued)

Investments

Custodial Credit Risk

For an investment, this is the risk that, in the event of the failure of the counterparty, the Borough will not be able to recover the value of its investments or collateral securities that are held by an outside party. The Borough does not have a policy for Custodial Risk. As of December 31, 2011 and 2010, \$177,132.54 and \$158,500.71, respectively, of the Borough's investments was exposed to Custodial Credit Risk, as follows:

	<u>Fair Value (LOSAP)</u>	<u>Book Value</u>	<u>Total Reported Value</u>
<u>2011</u>			
Uninsured and Collateralized:			
Collateral held by pledging financial Institution's Trust Department but not in the Borough's name	<u>\$ 177,132.54</u>	<u>\$ 177,132.54</u>	<u>\$ 177,132.54</u>
<u>2010</u>			
Uninsured and Collateralized:			
Collateral held by pledging financial Institution's Trust Department but not in the Borough's name	<u>\$ 158,500.71</u>	<u>\$ 158,500.71</u>	<u>\$ 158,500.51</u>

Interest Rate Risk

The Borough does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk

State law limits investments as noted above (N.J.S.A. 40A:5-15.1). The Borough does not have an investment policy that would further limit its investment choices.

The fair value of the above-listed investments were based on quoted market prices.

BOROUGH OF RUMSON
COUNTY OF MONMOUTH, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS

Years ended December 31, 2011 and 2010

3. Interfund Balances and Activity

Balances due to/from other funds at December 31, 2011 consist of the following:

Due to Current Fund from Animal Control Trust Fund representing Statutory Excess.	\$ 1,595.13
Due to General Capital Fund from Current Fund representing cash advances.	300,000.00
Due to Federal and State Grant Fund from Current Fund representing cash advances.	<u>139,862.37</u>
	<u>\$ 441,457.50</u>

4. Taxes/Sewer Receivables

Receivables at December 31, 2011 consisted of the following:

	<u>Current Fund</u>	<u>Sewer Utility Fund</u>	<u>Total</u>
Property Taxes	\$ 463,982.57		\$ 463,982.57
Utility Rents	<u> </u>	<u>\$ 48,268.53</u>	<u>48,268.53</u>
	<u>\$ 463,982.57</u>	<u>\$ 48,268.53</u>	<u>\$ 512,251.10</u>

In 2011, the Borough collected \$330,162.12 and \$35,850.45 from delinquent taxes and utility rents, which represented 95.28% and 100.00% of the delinquent tax and sewer charges receivable at December 31, 2010.

Receivables at December 31, 2010 consisted of the following:

	<u>Current Fund</u>	<u>Sewer Utility Fund</u>	<u>Total</u>
Property Taxes	\$ 346,519.58		\$ 346,519.58
Utility Rents	<u> </u>	<u>\$ 35,850.45</u>	<u>35,850.45</u>
	<u>\$ 346,519.58</u>	<u>\$ 35,850.45</u>	<u>\$ 382,370.03</u>

In 2010, the Borough collected \$223,858.77 and \$42,626.36 from delinquent taxes and utility rents, which represented 100.00% and 100.00% of the delinquent tax and sewer charges receivable at December 31, 2009.

BOROUGH OF RUMSON
COUNTY OF MONMOUTH, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS

Years ended December 31, 2011 and 2010

5. Fixed Assets

The following is a summary of changes in the General Fixed Assets Account Group for the years 2011 and 2010.

<u>2011</u>	Balance, December 31, <u>2010</u>	<u>Additions</u>	<u>Retirements</u>	Balance, December 31, <u>2011</u>
Land	\$ 4,992,300.00	\$ 480,000.00	\$ 44,100.00	\$ 5,428,000.00
Buildings	1,965,740.00		425,525.00	1,540,215.00
Equipment	5,251,566.86	561,501.72	434,885.22	5,378,183.36
Improvements	<u>4,400,750.75</u>			<u>4,400,750.75</u>
Total	<u>\$ 16,610,357.61</u>	<u>\$ 1,041,501.72</u>	<u>\$ 904,510.22</u>	<u>\$ 16,747,349.11</u>

<u>2010</u>	Balance, December 31, <u>2009</u>	<u>Additions</u>	<u>Retirements</u>	Balance, December 31, <u>2010</u>
Land	\$ 4,992,300.00			\$ 4,992,300.00
Buildings	1,965,740.00			1,965,740.00
Equipment	5,252,104.61	\$ 55,795.00	\$ 56,332.75	5,251,566.86
Improvements	<u>4,400,750.75</u>			<u>4,400,750.75</u>
Total	<u>\$ 16,610,895.36</u>	<u>\$ 55,795.00</u>	<u>\$ 56,332.75</u>	<u>\$ 16,610,357.61</u>

6. Long-Term Debt

The Borough's long-term debt consisted of the following at December 31, 2011:

General Capital Bonds

<u>Purpose</u>	<u>Date of Issue</u>	<u>Original Issue</u>	<u>Interest Rate</u>	Balance December 31, <u>2011</u>
General Improvement	08/15/93	\$ 975,000.00	5.15%	\$ 99,000.00
General Improvement	07/01/02	4,524,000.00	3.50%	599,000.00
General Improvement	09/01/04	5,600,000.00	3.50 - 3.75%	3,600,000.00
General Improvement	07/17/07	9,338,000.00	4.25 - 4.38%	<u>8,338,000.00</u>
				<u>\$ 12,636,000.00</u>

BOROUGH OF RUMSON
COUNTY OF MONMOUTH, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS

Years ended December 31, 2011 and 2010

6. Long-Term Debt (continued)

Schedule of Annual Debt Service Requirements
for All Years of Bonded Debt Issued and Outstanding

General Capital

<u>Calendar Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2012	\$ 1,274,000.00	\$ 511,678.50	\$ 1,785,678.50
2013	699,000.00	464,388.50	1,163,388.50
2014	675,000.00	437,240.00	1,112,240.00
2015	725,000.00	411,740.00	1,136,740.00
2016-2020	3,575,000.00	1,626,512.50	5,201,512.50
2021-2025	2,188,000.00	1,045,012.50	3,233,012.50
2026-2030	2,500,000.00	542,250.00	3,042,250.00
2031-2032	<u>1,000,000.00</u>	<u>65,250.00</u>	<u>1,065,250.00</u>
	<u>\$ 12,636,000.00</u>	<u>\$ 5,104,072.00</u>	<u>\$ 17,740,072.00</u>

Green Acres Loan

<u>Purpose</u>	<u>Date of Issue</u>	<u>Original Issue</u>	<u>Interest Rate</u>	<u>Balance December 31, 2011</u>
Riverside Park	06/01/05	\$ 750,000.00	2.00%	<u>\$ 639,246.74</u>

The Borough of Rumson has entered into a loan agreement with Green Acres for \$750,000.00. Repayment is contingent upon the completion of the project. The project was completed July 15, 2008, at which time the loan repayment schedule was set up based on the actual drawdowns.

BOROUGH OF RUMSON
COUNTY OF MONMOUTH, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS

Years ended December 31, 2011 and 2010

6. Long-Term Debt (continued)

Schedule of Annual Debt Service Requirements
for All Years of Loan Debt Issued and Outstanding

Green Acres Loan

<u>Calendar Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2012	\$ 38,411.69	\$ 12,593.83	\$ 51,005.52
2013	39,183.76	11,821.76	51,005.52
2014	39,971.36	11,034.16	51,005.52
2015	40,774.78	10,230.74	51,005.52
2016	41,594.36	9,411.16	51,005.52
2017	42,430.40	8,575.12	51,005.52
2018	43,283.26	7,722.26	51,005.52
2019	44,153.25	6,852.27	51,005.52
2020	45,040.73	5,964.80	51,005.53
2021	45,946.05	5,059.47	51,005.52
2022	46,869.56	4,135.96	51,005.52
2023	47,811.64	3,193.89	51,005.53
2024	48,772.65	2,232.87	51,005.52
2025	49,752.99	1,252.54	51,005.53
2026	<u>25,250.26</u>	<u>252.50</u>	<u>25,502.76</u>
	<u>\$ 639,246.74</u>	<u>\$ 100,333.33</u>	<u>\$ 739,580.07</u>

BOROUGH OF RUMSON
COUNTY OF MONMOUTH, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS

Years ended December 31, 2011 and 2010

6. Long-Term Debt (continued)

Summary of Municipal Debt (Excluding
Current and Operating Debt and Type I School Debt)

	<u>2011</u>	<u>2010</u>	<u>2009</u>
<u>Issued</u>			
General Bonds, Notes and Loans	\$ 13,275,246.74	\$ 14,537,901.57	\$ 15,999,814.45
Bond Anticipation Notes	<u>3,475,000.00</u>	<u>2,619,042.00</u>	<u>857,142.00</u>
Total Issued	16,750,246.74	17,156,943.57	16,856,956.45
Less:			
Reserve To Pay Bonds	<u>75,000.00</u>	<u>250,000.00</u>	<u>23,449.00</u>
Total Issued	<u>16,675,246.74</u>	<u>16,906,943.57</u>	<u>16,833,507.45</u>
<u>Authorized But Not Issued</u>			
General Bonds and Notes	<u>4,000,000.00</u>	<u>264,057.95</u>	<u>2,025,957.95</u>
Total Authorized But Not Issued	<u>4,000,000.00</u>	<u>264,057.95</u>	<u>2,025,957.95</u>
Net Bonds and Notes Issued and Authorized But Not Issued	<u>\$ 20,675,246.74</u>	<u>\$ 17,171,001.52</u>	<u>\$ 18,859,465.40</u>

BOROUGH OF RUMSON
COUNTY OF MONMOUTH, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS

Years ended December 31, 2011 and 2010

6. Long-Term Debt (continued)

Summary of Statutory Debt Condition - Annual Debt Statement

The summarized statement of debt condition which follows is prepared in accordance with the required method of setting up the Annual Debt Statement and indicates a statutory net debt of 0.59%.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
School Purpose Debt	\$ 46,615,410.42	\$ 46,615,410.42	
General Debt	<u>20,750,246.74</u>	<u>75,000.00</u>	\$ 20,675,246.74
	<u>\$ 67,365,657.16</u>	<u>\$ 46,690,410.42</u>	<u>\$ 20,675,246.74</u>

Net Debt \$20,675,246.74 divided by Equalized Valuation Basis per N.J.S.A. 40A:2-2 as amended, \$3,513,516,080.00 = 0.59%.

Borrowing Power Under N.J.S. 40A:2-6 as Amended

3.5% of Equalized Valuation Basis (Municipal)	\$ 122,973,062.80
Less: Net Debt	<u>20,675,246.74</u>
Remaining Borrowing Power	<u>\$ 102,297,816.06</u>

7. Bond Anticipation Notes

The Borough issues bond anticipation notes to temporarily fund various capital projects prior to the issuance of serial bonds. The term of the notes cannot exceed one year but the notes may be renewed from time to time for a period not exceeding ten years. All such notes must be paid no later than the tenth anniversary of the date of the original note. The State of New Jersey also prescribes that, on or before the third anniversary date of the original note, a payment of an amount at least equal to the first legally payable installment of the bonds in anticipation of which such notes were issued be paid or retired. Legal installments must be paid if the notes are to be renewed beyond the fourth anniversary date of the original issuance.

On December 31, 2011, the Borough had the following outstanding bond anticipation notes:

09/29/08	Acquisition of Land	1.500%	\$ 389,778.47
06/16/10	Various Roads	1.500%	980,952.00
06/16/10	New Borough Hall	1.500%	952,380.95
06/14/11	Various Road	1.500%	56,653.58
06/14/11	Various Improvements	1.500%	<u>1,095,235.00</u>
			<u>\$ 3,475,000.00</u>

BOROUGH OF RUMSON
COUNTY OF MONMOUTH, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS

Years ended December 31, 2011 and 2010

8. Bonds and Notes Authorized But Not Issued

At December 31, 2011, the Borough of Rumson had \$4,000,000.00 in authorized but not issued bonds and notes.

9. Local District School and Regional High School Taxes

Regulations provide for deferral of not more than 50% of the annual levy when school taxes are raised for a school year and have not been requisitioned by the school district.

The Borough of Rumson has elected to defer school taxes as follows:

	<u>Local District School Tax</u>		<u>Regional High School Tax</u>	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
Balance of Tax	\$ 5,840,388.79	\$ 5,840,387.79	\$ 5,412,495.39	\$ 5,412,495.46
Deferred	<u>1,835,174.03</u>	<u>1,835,174.03</u>	<u>1,625,435.21</u>	<u>1,625,435.21</u>
Tax Payable	<u>\$ 4,005,214.76</u>	<u>\$ 4,005,213.76</u>	<u>\$ 3,787,060.18</u>	<u>\$ 3,787,060.25</u>

10. Fund Balance Appropriated

The Current Fund balance at December 31, 2011 was \$5,466,514.18 of which \$1,661,600.00* was appropriated and included as anticipated revenue for the year ended December 31, 2012.

11. Deferred Charges to be Raised in Succeeding Budgets

Certain expenditures are required to be deferred to budgets of succeeding years. At December 31, 2011, a charge of \$25,000.00 is shown on the Current Fund Balance Sheet.

12. Accrued Sick and Vacation Benefits - Unaudited

As discussed in Note 1 and in accordance with accounting principles prescribed by the State of New Jersey, the cash basis of accounting is followed for recording the Borough's liability related to unused sick pay. The Borough permits its police and public works employees to accumulate unused sick pay. The current cost of such unpaid compensation would approximate \$242,263.00 and \$206,933.00 at December 31, 2011 and 2010, respectively. In accordance with New Jersey principles, this amount is not reported as an expenditure or liability in the accompanying financial statements.

* Budget not introduced/adopted as of the date of this report

BOROUGH OF RUMSON
COUNTY OF MONMOUTH, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS

Years ended December 31, 2011 and 2010

13. Post-Employment Retirement Benefits

The Borough contributes to the State Health Benefits Program ("SHBP"), a cost-sharing, multiple-employer defined benefit post-employment healthcare plan administered by the State of New Jersey Division of Pensions and Benefits. SHBP was established in 1961 under N.J.S.A. 52:14-17.25 et seq. to provide health benefits to State employees, retirees, and their dependents.

The SHBP was extended to employees, retirees, and dependents of participating local public employers in 1964. Local employers must adopt a resolution to participate in the SHBP. On February 24, 1981, the Borough authorized participation in the SHBP's post-retirement benefit program through resolution number 78-2-24-81. Eligibility to participate in the SHBP's post-retirement benefit program begins after 25 years of credited service with the Borough. Rules governing the operation and administration of the program are found in Title 17, Chapter 9 of the New Jersey Administrative Code. SHBP provides medical, prescription drugs, mental health/substance abuse, and Medicare Part B reimbursement to retirees and their covered dependents.

The State Health Benefits Commission is the executive body established by statute to be responsible for the operation of the SHBP. The State of New Jersey Division of Pensions and Benefits issues a publicly-available financial report that includes financial statements and required supplementary information for the SHBP. That report may be obtained by writing to: State of New Jersey Division of Pensions and Benefits, PO Box 295, Trenton, New Jersey 08625-0295 or by visiting their website at <http://www.state.nj.us/treasury/pensions/gasb-43-sept2008.pdf>.

Funding Policy

Participating employers are contractually required to contribute based on the amount of premiums attributable to their retirees. Post-retirement medical benefits under the plan have been funded on a pay-as-you-go basis since 1994. Prior to 1994, medical benefits were funded on an actuarial basis.

Contributions to pay for the health premiums of participating retirees in the SHBP are billed to the Borough on a monthly basis. Plan members or beneficiaries receiving benefits do not make any contributions.

The Borough's contributions to SHBP for the years ended December 31, 2011, 2010, and 2009 were \$1,269,807.49, \$1,244,516.72, and \$1,074,698.15, respectively, which equaled the required contributions for each year. There were approximately 39, 38, and 36 retired participants eligible at December 31, 2011, 2010, and 2009, respectively.

BOROUGH OF RUMSON
COUNTY OF MONMOUTH, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS

Years ended December 31, 2011 and 2010

14. Unemployment Compensation Insurance

Effective January 1, 1978, most municipal employees were eligible for unemployment compensation insurance (N.J.S.A. 43:21-3 et seq.). The Borough has elected to provide a self-insured plan whereby the municipal cost and employee contributions are deposited in a trust fund from which claims, if any, will be paid. All funds collected from employees are transmitted to the state for this period. The Reserve for Unemployment Compensation Insurance at December 31, 2011 and 2010 totaled \$92,855.64 and \$120,229.51, respectively.

15. Contingent Liabilities

State and Federal Financial Grants

The Borough receives financial assistance from the State of New Jersey and the U.S. government in the form of grants. Entitlement to the funds is generally conditional upon compliance with terms and conditions of the grant agreements and applicable regulations, including the expenditure of the funds for eligible purposes. Substantially all grants, entitlements and cost reimbursements are subject to financial and compliance audits by grantors. As a result of these audits, costs previously reimbursed could be disallowed and require repayment to the grantor agency. As of December 31, 2011, the Borough estimates that no material liabilities will result from such audits.

Pending Litigation

There are actions which have been instituted against the Borough which are either in the discovery stage or whose final outcome cannot be determined at the present time. In the opinion of the administration, the amount of ultimate liability with respect to these actions will not materially affect the financial position of the Borough.

16. Risk Management

The Borough is exposed to various risks of loss related to torts, theft of, damage to and destruction of assets; error and omission, injuries to employees; and natural disaster. The Borough is a member of the Monmouth County Municipal Joint Insurance Fund. The joint insurance pool is both an insured and self-administered group of municipalities established for the purpose of insuring against property damage, general liability, motor vehicles and equipment liability and workmen's compensation. The Joint Insurance Fund will be self-sustaining through member premiums. The Joint Insurance Fund participates in the Municipal Excess Liability Program which has a contract for excess liability insurance for property.

BOROUGH OF RUMSON
COUNTY OF MONMOUTH, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS

Years ended December 31, 2011 and 2010

17. Deferred Compensation Program

The Borough has instituted a Deferred Compensation Plan ("Plan") pursuant to Section 457 of the Internal Revenue Code and P.L. 1977, C.381; P.L. 1978, C.39; P.L. 1980, C.78; and P.L. 1997, C.116 of the Statutes of New Jersey.

The Plan is an arrangement whereby a public employer may establish a Plan and permit its employees to voluntarily authorize a portion of their current salary to be withheld and invested in one or more of the types of investments permitted under the governing regulations.

The Borough has engaged a private contractor to administer the Plan.

18. Length of Service Award Program ("LOSAP") - Unaudited

The Borough has established a Volunteer Length of Service Award Plan ("LOSAP") ("Plan") to ensure retention of the Borough's volunteer Fire Departments. The Plan shall be construed under the laws of the State of New Jersey and is established with the intent that it meets the requirements of a "length of service award plan under Section 457(e)11 of the Internal Revenue Code".

Annual Contributions - The annual contribution to be made by the Borough for each active volunteer member shall be \$1,150.00 per year of active emergency service, commencing with the year 2005.

Appropriations - Appropriations for the purpose of funding the Borough's LOSAP shall be included as a separate line item in the Borough's budget, commencing with the year 2005.

Periodic Increases - Notwithstanding the provisions above, the annual contribution to be made by the Borough for each active volunteer member shall not be subject to periodic increases based upon the "consumer price index factor" pursuant to subsection f. of section 3 of P.L. 1997, c. 388 (N.J.S.A. 40A:14-185).

Criteria for Eligibility; Contributions; Points - Any active volunteer member shall eligible to participate in the LOSAP Plan immediately upon commencement of the member's performance of active voluntary services in the emergency service organization. Annual contributions shall only be made by the Borough, however, for those active volunteer members who have earned the minimum number of points for performing certain volunteer services on a yearly basis.

Determination as to Eligibility - Each emergency service organization shall provide to the Borough Administrator, acting as the Plan Administrator of LOSAP Plan, a certified list as to the active volunteer members who are initially eligible to participate in the Plan and those who are eligible to participate as of each January 1 thereafter. The Plan Administrator shall forward said certified list to the Borough Council for approval, in accordance with the provisions of N.J.A.C. 5:30-14.10. The decision of the Borough Council as to such active member's eligibility shall be binding upon the Plan Administrator, participants, beneficiaries and any and all other persons having an interest hereunder, subject to appropriate judicial review.

BOROUGH OF RUMSON
COUNTY OF MONMOUTH, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS

Years ended December 31, 2011 and 2010

18. Length of Service Award Program ("LOSAP") - Unaudited (continued)

Terms of Participation - The Plan Administrator shall have the right to require any active volunteer member at the time of his or her becoming a participant to agree, in writing, to be bound by the terms, covenants and conditions of the LOSAP and accompanying trust. Each participant shall furnish to the Plan Administrator all pertinent information required for the administration of the LOSAP. The Plan Administrator shall rely upon all such information furnished.

Vesting - The active volunteer member shall not be permitted to receive a distribution of the fund in his or her LOSAP account until the completion of a five-year vesting period.

Termination of Service - Any participant who terminates service as an active volunteer member shall cease to participate hereunder. A former participant may resume participation immediately upon returning to the service of the emergency service organization as an active volunteer member. Any active volunteer member who terminates service with the emergency service organization, subsequently returns to service and again becomes a participant shall be treated as a new participant for purposes of eligibility unless said participant was fully vested prior to his or her termination from service.

Reporting Requirements - N.J.A.C. 5:30-14.49 requires that the Borough perform a separate review report of the Plan in accordance with the American Institute of Certified Public Accountants Statements for Accounting and Auditing Review Services.

19. Bond and Interest Fund

During 1997, the Borough's banking institution for its Bond and Interest accounts was acquired by First Union National Bank ("Bank"). Due to processing difficulties, the Bank has been unable to provide the Borough with accurate transaction reports. Until such time that the Bank can remedy this situation, it has, through a letter of indemnity, held the Borough harmless.

SUPPLEMENTARY SCHEDULES

CURRENT FUND
SCHEDULES

BOROUGH OF RUMSON
COUNTY OF MONMOUTH, NEW JERSEY

CURRENT FUND

SCHEDULE OF CASH RECEIPTS AND DISBURSEMENTS - TREASURER

Year ended December 31, 2011

	<u>Reference</u>		
Balance, December 31, 2010	A		\$ 16,247,761.27
Increased By Receipts:			
Miscellaneous Revenue Not Anticipated	A-2	\$ 188,193.69	
State of New Jersey - Senior Citizens' and Veterans' Deductions	2-A	50,250.00	
Taxes Receivable	3-A	44,134,456.73	
Sewer Fees Receivable	4-A	1,151,790.81	
Revenue Accounts Receivable	6-A	2,259,844.10	
Due From:			
Animal Control Trust Fund	7-A	3,717.36	
Trust - Other Fund	8-A	10,964.00	
General Capital Fund	19-A	3,475,000.00	
Grants Receivable	9-A	14,550.89	
Due To State of New Jersey:			
Marriage Licenses	13-A	625.00	
U.C.C. Fees	14-A	19,485.17	
Prepaid Taxes	15-A	353,620.72	
Tax Overpayments	16-A	42,692.39	
Sewer Fee Overpayments	17-A	18,331.80	
Drive-In Sanitation Overpayments	18-A	400.00	
Reserve For Grant Expenditures - Unappropriated	29-A	<u>33,664.13</u>	
			<u>51,757,586.79</u>
			68,005,348.06
Decreased By Disbursements:			
Prior Years Revenue Refunded	A-1	6,686.14	
Refund of Police Receipts	A-1	1,505.00	
Current Appropriations	A-3	12,969,699.72	
2010 Appropriation Reserves	10-A	838,059.48	
Due From Trust - Other Fund	8-A	10,964.00	
Due To General Capital Fund	19-A	3,475,000.00	
Tax Overpayments	16-A	45,922.12	
Sewer Fee Overpayments	17-A	534.40	
Due To State of New Jersey:			
Marriage Licenses	13-A	675.00	
U.C.C. Fees	14-A	19,444.81	
County Taxes	21-A	9,787,371.22	
Local District School Taxes	22-A	13,840,219.00	
Regional District School Taxes	22-A	11,205,844.33	
Encumbrances Payable - Grants	24-A	1,760.00	
Reserve For:			
Tax Sale Premiums	27-A	40,200.00	
Grant Expenditures - Appropriated	28-A	<u>92,861.74</u>	
			<u>52,336,746.96</u>
Balance, December 31, 2011	A		<u>\$ 15,668,601.10</u>

BOROUGH OF RUMSON
COUNTY OF MONMOUTH, NEW JERSEY

CURRENT FUND

SCHEDULE OF DUE TO STATE OF NEW JERSEY -
SENIOR CITIZENS' AND VETERANS' DEDUCTIONS

Year ended December 31, 2011

Reference

Balance, December 31, 2010	A		\$ 6,608.03
Increased By:			
Cash Receipts	1-A	\$ 50,250.00	
Deductions Disallowed By Collector 2010	3-A	<u>2,000.00</u>	
			<u>52,250.00</u>
			58,858.03
Decreased By:			
Senior Citizens' Deductions Per Tax Billing		4,500.00	
Veterans' Deductions Per Tax Billing		46,000.00	
Veterans' Deductions Allowed		<u>250.00</u>	
	3-A		<u>50,750.00</u>
Balance, December 31, 2011	A		<u>\$ 8,108.03</u>

BOROUGH OF RUMSON
COUNTY OF MONMOUTH, NEW JERSEY

CURRENT FUND

SCHEDULE OF TAXES RECEIVABLE AND ANALYSIS OF PROPERTY TAX LEVY

Year ended December 31, 2011

Year	Balance December 31, 2010	2011 Levy	Added/ Omitted 2011	Collections		Senior Citizens' and Veterans' Deductions Allowed/ (Disallowed)	(Cancellations)/ Adjustments	Balance December 31, 2011	Reference
				2010	2011				
2010	\$ 346,519.58								
2011		\$ 44,586,973.82	\$ 320,482.64	\$ 355,994.07	\$ 330,162.12	\$ (2,000.00)	\$ (250,792.67)	\$ 18,357.46	
					43,804,294.61	50,750.00		445,625.11	
				\$ 355,994.07	\$ 44,134,456.73	\$ 48,750.00	\$ (250,792.67)	\$ 463,982.57	
				15-A	1-A	2-A	3-A		A

BOROUGH OF RUMSON
COUNTY OF MONMOUTH, NEW JERSEY

Schedule 3-A

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CURRENT FUND

SCHEDULE OF TAXES RECEIVABLE AND ANALYSIS OF PROPERTY TAX LEVY

Year ended December 31, 2011

<u>Analysis of 2011 Property Tax Levy</u>	<u>Reference</u>		
Tax Yield:			
General Purpose Tax	3-A	\$ 44,586,973.82	
Added Taxes (54:4-63 et seq.)	3-A	<u>320,482.64</u>	
			<u>\$ 44,907,456.46</u>
Tax Levy:			
County Taxes (Abstract)	A-1,21-A	\$ 8,698,125.33	
County Library Taxes (Abstract)	A-1,21-A	496,000.08	
County Open Space Taxes (Abstract)	A-1,21-A	522,663.63	
Added/Omitted County Taxes	A-1,21-A	69,956.53	
Regional High School Taxes (Abstract)	A-1,22-A	11,205,844.26	
Local District School Taxes (Abstract)	A-1,22-A	<u>13,840,220.00</u>	
	A-2		\$ 34,832,809.83
Local Taxes for Municipal Purposes (Abstract)	A-2	9,808,212.16	
Add:			
Additional Taxes Levied	3-A	<u>266,434.47</u>	
			<u>10,074,646.63</u>
	3-A		<u>\$ 44,907,456.46</u>
		2011	Delinquent
		<u>Property Taxes</u>	<u>Taxes</u>
<u>Analysis of Current Revenue From Taxes</u>			
Prepaid Taxes Applied	15-A	\$ 355,994.07	
Taxes Collected in 2011	3-A	43,804,294.61	\$ 330,162.12
Senior Citizens' and Veterans' Deductions (Net)	3-A	<u>50,750.00</u>	
		<u>\$ 44,211,038.68</u>	<u>\$ 330,162.12</u>
	<u>Reference</u>	A-1,A-2,3-A	A-1,A-2,3-A

BOROUGH OF RUMSON
COUNTY OF MONMOUTH, NEW JERSEY

CURRENT FUND

SCHEDULE OF SEWER FEES RECEIVABLE

Year ended December 31, 2011

	<u>Reference</u>		
Balance December 31, 2010	A		\$ 35,850.45
Increased By:			
Levy - Net	4-A		<u>1,182,033.34</u>
			1,217,883.79
Decreased By:			
Cash Receipts	1-A	\$ 1,151,790.81	
Overpayments Applied	17-A	<u>17,824.45</u>	
	6-A		<u>1,169,615.26</u>
Balance December 31, 2011	A		<u>\$ 48,268.53</u>

BOROUGH OF RUMSON
COUNTY OF MONMOUTH, NEW JERSEY

CURRENT FUND

SCHEDULE OF PROPERTY ACQUIRED FOR TAXES - ASSESSED VALUATION

Year ended December 31, 2011

<u>Property</u>	<u>Lot</u>	<u>Date Acquired</u>	<u>Years Ended December 31, 2011 and 2010</u>
Block 81	38	April 7, 1971	<u>\$ 5,800.00</u>
		<u>Reference</u>	A

BOROUGH OF RUMSON
COUNTY OF MONMOUTH, NEW JERSEY

CURRENT FUND

SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE

Year ended December 31, 2011

	Balance December 31, <u>2010</u>	Accrued <u>2011</u>	Realized Revenue <u>2011</u>	Balance December 31, <u>2011</u>
Licenses:				
Alcoholic Beverages		\$ 28,583.60	\$ 28,583.60	
Fees and Permits:				
Other		128,802.10	128,802.10	
Fines and Costs:				
Municipal Court	\$ 5,855.37	67,235.64	69,066.82	\$ 4,024.19
Interest and Cost on Taxes		115,246.24	115,246.24	
Interest on Investments		143,192.85	143,192.85	
Sewer Service Charges		1,169,615.26	1,169,615.26	
Cellular Tower Fees		116,379.96	116,379.96	
Cable Franchise Fees		106,185.63	106,185.63	
Energy Receipts Taxes		624,078.00	624,078.00	
Supplemental Energy Receipts Taxes		36,595.00	36,595.00	
Uniform Construction Code Fees		259,362.33	259,362.33	
Uniform Fire Safety Act		11,579.45	11,579.45	
Trash Collection Charges		54,400.00	54,400.00	
Recycling Fees		59,123.59	59,123.59	
Interlocal - Fair Haven		30,755.00	30,755.00	
Clean Communities Program		13,741.87	13,741.87	
Alcohol Education & Rehabilitation Fund		809.02	809.02	
Stormwater Grant		9,130.00	9,130.00	
Recycling Tonage Grant		41,060.09	41,060.09	
NJ DOT- Blackpoint Program		160,000.00	160,000.00	
	<u>\$ 5,855.37</u>	<u>\$ 3,643,239.16</u>	<u>\$ 3,645,070.34</u>	<u>\$ 4,024.19</u>
Reference	A	6-A		A
Cash Receipts	1-A		\$ 2,259,844.10	
Sewer Fees Receivable	4-A		1,169,615.26	
Grants Receivable	9-A		<u>215,610.98</u>	
	A-2		<u>\$ 3,645,070.34</u>	

BOROUGH OF RUMSON
COUNTY OF MONMOUTH, NEW JERSEY

CURRENT FUND

SCHEDULE OF DUE FROM ANIMAL CONTROL TRUST FUND

Year ended December 31, 2011

	<u>Reference</u>	
Balance, December 31, 2010	A	\$ 3,717.36
Increased By:		
Statutory Dog Excess	A-1	<u>1,595.13</u>
		5,312.49
Decreased By:		
Cash Receipts	1-A	<u>3,717.36</u>
Balance, December 31, 2011	A	<u>\$ 1,595.13</u>

BOROUGH OF RUMSON
COUNTY OF MONMOUTH, NEW JERSEY

CURRENT FUND

SCHEDULE OF DUE FROM TRUST - OTHER FUND

Year ended December 31, 2011

	<u>Reference</u>	
Balance, December 31, 2010	A	\$ 0.00
Increased By:		
Cash Disbursements	1-A	<u>10,964.00</u>
		10,964.00
Decreased By:		
Cash Receipts	1-A	<u>10,964.00</u>
Balance, December 31, 2011	A	<u><u>\$ 0.00</u></u>

BOROUGH OF RUMSON
COUNTY OF MONMOUTH, NEW JERSEY

GRANT FUND

SCHEDULE OF STATE GRANTS RECEIVABLE

Year ended December 31, 2011

	Balance December 31, 2010	Increased By Revenue Anticipated 2011	Decreased	Balance December 31, 2011
State of New Jersey:				
1991 Supplemental Safe Neighborhood Program	\$ 28.00			\$ 28.00
FY'08 Assistance to Firefighters Grant	1,426.00			1,426.00
Clean Communities Program		\$ 13,741.87	\$ 13,741.87	
Recycling Tonnage Grant		41,060.09	41,060.09	
Alcohol Education & Rehab		809.02	809.02	
NJ Forestry BSF	7,000.00			7,000.00
NJ Department of Transportation - Blackpoint		160,000.00		160,000.00
	<u>\$ 8,454.00</u>	<u>\$ 215,610.98</u>	<u>\$ 55,610.98</u>	<u>\$ 168,454.00</u>
	A	6-A		A
Cash Receipts			\$ 14,550.89	
Transferred From Grants - Unappropriated			<u>41,060.09</u>	
			<u>\$ 55,610.98</u>	

Reference

1-A
29-A

BOROUGH OF RUMSON
COUNTY OF MONMOUTH, NEW JERSEY

Schedule 10-A
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CURRENT FUND

SCHEDULE OF 2010 APPROPRIATION RESERVES

Year ended December 31, 2011

	<u>Original Budget</u>	<u>Transferred From Encumbrances Payable</u>	<u>Adjusted Budget</u>	<u>Paid or Charged</u>	<u>Lapsed</u>
GENERAL GOVERNMENT					
General Administration:					
Salaries and Wages	\$ 107.28		\$ 107.28		\$ 107.28
Other Expenses	23,741.97	\$ 3,115.91	26,857.88	\$ 14,375.31	12,482.57
Mayor and Council:					
Salaries and Wages	0.04		0.04		0.04
Newsletter	4,355.06	1.00	4,356.06		4,356.06
Municipal Clerk:					
Other Expenses	8,336.75		8,336.75		8,336.75
Elections	215.90	800.00	1,015.90	800.00	215.90
Financial Administration (Treasury):					
Salaries and Wages	9,086.50		9,086.50		9,086.50
Other Expenses	4,313.03	48.69	4,361.72		4,361.72
Revenue Administration (Tax Collection):					
Salaries and Wages	0.08		0.08		0.08
Other Expenses	1,585.50	50.00	1,635.50	90.00	1,545.50
Tax Assessment Administration:					
Salaries and Wages	0.18		0.18		0.18
Other Expenses	633.94	7,451.86	8,085.80	6,830.85	1,254.95
Legal Services (Legal Department):					
Other Expenses	28,891.55	8,019.29	36,910.84	20,506.35	16,404.49
Engineering Services:					
Other Expenses	21,582.17	2,393.25	23,975.42	5,524.66	18,450.76
LAND USE ADMINISTRATION					
Planning Board:					
Salaries and Wages	912.02		912.02		912.02
Other Expenses	2,388.40	451.85	2,840.25	618.56	2,221.69
Zoning Board of Adjustment:					
Salaries and Wages	1,140.09		1,140.09		1,140.09
Other Expenses	932.50	350.00	1,282.50	314.16	968.34
CODE ENFORCEMENT AND ADMINISTRATION					
Uniform Construction Code Enforcement Functions:					
Salaries and Wages	0.15		0.15		0.15
Plumbing Inspector:					
Salaries and Wages	0.12		0.12		0.12
Electrical Inspection:					
Salaries and Wages	1,062.08		1,062.08	1,024.44	37.64
Construction Code Official:					
Salaries and Wages	12,088.98		12,088.98	5,916.66	6,172.32
Other Expenses	3,234.06	639.00	3,873.06	848.10	3,024.96
PUBLIC SAFETY					
Police Department:					
Salaries and Wages	100,781.01		100,781.01	47,348.26	53,432.75
Other Expenses	2,463.26	21,176.47	23,639.73	19,255.57	4,384.16
Purchase of Police Vehicles	26,366.46	1,629.58	27,996.04	1,389.25	26,606.79
Police Dispatch/911:					
Salaries and Wages	14,450.10		14,450.10	1,986.94	12,463.16
Annual Charge - 911 System	68.31		68.31		68.31
Aid To First Aid Organization:					
Salaries and Wages	0.16		0.16		0.16
Other Expenses	2,664.52	5,949.47	8,613.99	5,712.47	2,901.52
Fire Department:					
Salaries and Wages	0.30		0.30		0.30
Other Expenses	1,862.45	3,831.20	5,693.65	3,403.69	2,289.96
Equipment	3,175.56		3,175.56		3,175.56

BOROUGH OF RUMSON
COUNTY OF MONMOUTH, NEW JERSEY

CURRENT FUND

SCHEDULE OF 2010 APPROPRIATION RESERVES

Year ended December 31, 2011

	<u>Original Budget</u>	<u>Transferred From Encumbrances Payable</u>	<u>Adjusted Budget</u>	<u>Paid or Charged</u>	<u>Lapsed</u>
Municipal Prosecutor's Office:					
Salaries and Wages	2,646.50		2,646.50		2,646.50
Other Expenses	100.00		100.00		100.00
PUBLIC WORKS					
Streets and Road Maintenance:					
Salaries and Wages	64,969.96		64,969.96	16,006.32	48,963.64
Other Expenses	9,858.36	16,418.89	26,277.25	18,521.12	7,756.13
Sewer System:					
Salaries and Wages	24,239.73		24,239.73	938.68	23,301.05
Other Expenses	6,940.10	16,367.69	23,307.79	1,728.78	21,579.01
Shade Tree Commission:					
Other Expenses	6,770.67	1,600.00	8,370.67	2,400.00	5,970.67
Storm Drain Cleaning	1,000.00		1,000.00		1,000.00
Stormwater Management	1,000.00		1,000.00		1,000.00
Solid Waste Collection:					
Salaries and Wages	12,319.33		12,319.33		12,319.33
Other Expenses	16.80	898.80	915.60	783.30	132.30
Recycling:					
Salaries and Wages	3,391.00		3,391.00		3,391.00
Other Expenses	931.43	89.55	1,020.98	154.55	866.43
Buildings and Grounds:					
Salaries and Wages	941.23		941.23	208.23	733.00
Other Expenses	8,537.55	2,942.91	11,480.46	3,995.98	7,484.48
Property Lease	1,318.42	3,557.53	4,875.95	3,557.53	1,318.42
Vehicle Maintenance (Including Police Vehicles):					
Other Expenses	1,765.39	8,588.32	10,353.71	7,859.58	2,494.13
HEALTH AND HUMAN SERVICES					
Animal Control Services:					
Salaries and Wages	522.17		522.17		522.17
PARK AND RECREATION					
Recreation Services and Programs:					
Salaries and Wages	1,989.80		1,989.80		1,989.80
Other Expenses		10,000.00	10,000.00	10,000.00	
Senior Citizen Transportation:					
Other Expenses	78.00	1,014.00	1,092.00	1,014.00	78.00
Maintenance of Parks:					
Other Expenses	9,502.69	2,768.82	12,271.51	1,916.74	10,354.77
Municipal Court:					
Salaries and Wages	3,044.12		3,044.12	468.19	2,575.93
Other Expenses	6,081.92	89.00	6,170.92	86.00	6,084.92
Public Defender:					
Salaries and Wages	1.64		1.64		1.64
Board of Health:					
Salaries and Wages	0.06		0.06		0.06
Operating Expenses	75.50		75.50	58.00	17.50
Hepatitis B Vaccine Costs	500.00		500.00		500.00
VNA Contract		250.00	250.00	250.00	
INSURANCE					
General Liability	24,332.18		24,332.18		24,332.18
Employee Group Health	83,240.78	582.00	83,822.78		83,822.78

BOROUGH OF RUMSON
COUNTY OF MONMOUTH, NEW JERSEY

CURRENT FUND

SCHEDULE OF 2010 APPROPRIATION RESERVES

Year ended December 31, 2011

	Original Budget	Transferred From Encumbrances Payable	Adjusted Budget	Paid or Charged	Lapsed
Homeland Security (NJSA 40A:4-45.3(pp))					
Office of Emergency Management:					
Other Expenses	5,415.12	6,625.00	12,040.12	3,170.00	8,870.12
UTILITY EXPENSES AND BULK PURCHASES					
Electricity	22,648.40		22,648.40		22,648.40
Street Lighting	5,435.38		5,435.38		5,435.38
Telephone (excluding telephone acquisition)	2,901.02	6,811.62	9,712.64	1,822.46	7,890.18
Water	2,365.56		2,365.56		2,365.56
Fire Hydrants	495.44	9,400.44	9,895.88	9,400.44	495.44
Gas (natural or propane)	9,366.13	2,919.16	12,285.29	2,919.16	9,366.13
Gasoline	28,538.74	10,529.05	39,067.79	10,529.05	28,538.74
Landfill/Solid Waste Disposal Costs	57,426.52	68,332.79	125,759.31	76,107.29	49,652.02
Contingent	5,000.00		5,000.00		5,000.00
STATUTORY EXPENDITURES					
Contribution To:					
Social Security System (O.A.S.I.)	16,368.72		16,368.72		16,368.72
Reserve for Tax Appeals	607,602.23	7,694.81	615,297.04	615,297.04	
LOSAP	40,000.00		40,000.00	21,850.00	18,150.00
Capital Improvement Fund		325,000.00	325,000.00	325,000.00	
Demo Old PD Headquarters	38,740.00	32,555.00	71,295.00	36,458.95	34,836.05
PUBLIC AND PRIVATE PROGRAMS					
OFFSET BY REVENUES					
Matching for Grants	5,000.00		5,000.00		5,000.00
	<u>\$ 1,399,859.07</u>	<u>\$ 590,942.95</u>	<u>\$ 1,990,802.02</u>	<u>\$ 1,308,446.66</u>	<u>\$ 682,355.36</u>
Reference	A	11-A	10-A		A-1
Cash Disbursements	1-A			\$ 838,059.48	
Reserve for Tax Appeals	31-A			463,937.02	
Accounts Payable	12-A			6,450.16	
				<u>\$ 1,308,446.66</u>	

BOROUGH OF RUMSON
COUNTY OF MONMOUTH, NEW JERSEY

CURRENT FUND

SCHEDULE OF ENCUMBRANCES PAYABLE

Year ended December 31, 2011

	<u>Reference</u>	
Balance, December 31, 2010	A	\$ 591,140.95
Increased By:		
Current Appropriations	A-3	<u>208,010.18</u>
		799,151.13
Decreased By:		
Transferred To Appropriation Reserves	10-A	<u>591,140.95</u>
Balance, December 31, 2011	A	<u><u>\$ 208,010.18</u></u>

BOROUGH OF RUMSON
COUNTY OF MONMOUTH, NEW JERSEY

CURRENT FUND

SCHEDULE OF ACCOUNTS PAYABLE

Year ended December 31, 2011

	<u>Reference</u>	
Balance, December 31, 2010	A	\$ 11,860.25
Increased By:		
Appropriation Reserves	10-A	<u>6,450.16</u>
		18,310.41
Decreased By:		
Accounts Payable Cancelled	A-1	<u>1,948.98</u>
Balance, December 31, 2011	A	<u><u>\$ 16,361.43</u></u>

BOROUGH OF RUMSON
COUNTY OF MONMOUTH, NEW JERSEY

CURRENT FUND

SCHEDULE OF DUE TO STATE OF NEW JERSEY - MARRIAGE LICENSES

Year ended December 31, 2011

	<u>Reference</u>	
Balance, December 31, 2010	A	\$ 175.00
Increased By:		
Cash Receipts	1-A	<u>625.00</u>
		800.00
Decreased By:		
Cash Disbursements	1-A	<u>675.00</u>
Balance, December 31, 2011	A	<u><u>\$ 125.00</u></u>

BOROUGH OF RUMSON
COUNTY OF MONMOUTH, NEW JERSEY

CURRENT FUND

SCHEDULE OF DUE TO STATE OF NEW JERSEY - U.C.C. FEES

Year ended December 31, 2011

	<u>Reference</u>	
Balance, December 31, 2010	A	\$ 5,166.52
Increased By:		
Cash Receipts	1-A	<u>19,485.17</u>
		24,651.69
Decreased By:		
Cash Disbursements	1-A	<u>19,444.81</u>
Balance, December 31, 2011	A	<u><u>\$ 5,206.88</u></u>

BOROUGH OF RUMSON
COUNTY OF MONMOUTH, NEW JERSEY

CURRENT FUND

SCHEDULE OF PREPAID TAXES

Year ended December 31, 2011

	<u>Reference</u>	
Balance, December 31, 2010	A	\$ 355,994.07
Increased By:		
Cash Receipts:		
Collection of 2012 Taxes	1-A	<u>353,620.72</u>
		709,614.79
Decreased By:		
Amount Applied To Taxes Receivable	3-A	<u>355,994.07</u>
Balance, December 31, 2011	A	<u><u>\$ 353,620.72</u></u>

BOROUGH OF RUMSON
COUNTY OF MONMOUTH, NEW JERSEY

CURRENT FUND

SCHEDULE OF TAX OVERPAYMENTS PAYABLE

Year ended December 31, 2011

	<u>Reference</u>	
Balance, December 31, 2010	A	\$ 45,922.12
Increased By:		
Cash Receipts	1-A	<u>42,692.39</u>
		88,614.51
Decreased By:		
Cash Disbursements	1-A	<u>45,922.12</u>
Balance, December 31, 2011	A	<u>\$ 42,692.39</u>

BOROUGH OF RUMSON
COUNTY OF MONMOUTH, NEW JERSEY

CURRENT FUND

SCHEDULE OF SEWER FEE OVERPAYMENTS

Year ended December 31, 2011

	<u>Reference</u>		
Balance December 31, 2010	A		\$ 4,247.56
Increased By:			
Cash Receipts	1-A		<u>18,331.80</u>
			22,579.36
Decreased By:			
Cash Disbursements	1-A	\$ 534.40	
Overpayments Applied	4-A	<u>17,824.45</u>	
			<u>18,358.85</u>
Balance December 31, 2011	A		<u>\$ 4,220.51</u>

BOROUGH OF RUMSON
COUNTY OF MONMOUTH, NEW JERSEY

CURRENT FUND

SCHEDULE OF DRIVE-IN SANITATION OVERPAYMENTS

Year ended December 31, 2011

	<u>Reference</u>	
Balance, December 31, 2010	A	\$ 400.00
Increased By:		
Cash Receipts	1-A	<u>400.00</u>
Balance, December 31, 2011	A	<u><u>\$ 800.00</u></u>

BOROUGH OF RUMSON
COUNTY OF MONMOUTH, NEW JERSEY

CURRENT FUND

SCHEDULE OF DUE TO GENERAL CAPITAL FUND

Year ended December 31, 2011

	<u>Reference</u>		
Balance December 31, 2010	A		\$ 0.00
Increased By:			
Cash Disbursements	1-A	\$ 3,475,000.00	
Transfer from Current Appropriation	A-3	<u>300,000.00</u>	
			<u>3,775,000.00</u>
			3,775,000.00
Decreased By:			
Cash Receipts	1-A		<u>3,475,000.00</u>
Balance December 31, 2011	A		<u>\$ 300,000.00</u>

BOROUGH OF RUMSON
COUNTY OF MONMOUTH, NEW JERSEY

CURRENT FUND

SCHEDULE OF THIRD PARTY LIENS PAYABLE

Year ended December 31, 2011

Reference

Balance, December 31, 2011 and 2010	A	<u>\$ 28.62</u>
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BOROUGH OF RUMSON
COUNTY OF MONMOUTH, NEW JERSEY

CURRENT FUND

SCHEDULE OF COUNTY TAXES PAYABLE

Year ended December 31, 2011

	<u>Reference</u>		
Balance, December 31, 2010	A		\$ 70,582.18
Increased By:			
2011 Tax Levy:			
County Taxes	A-1,3-A	\$ 8,698,125.33	
County Library Taxes	A-1,3-A	496,000.08	
County Open Space Taxes	A-1,3-A	522,663.63	
Due To County for Added/Omitted Taxes	A-1,3-A	<u>69,956.53</u>	
			<u>9,786,745.57</u>
			9,857,327.75
Decreased By:			
Cash Disbursements	1-A		<u>9,787,371.22</u>
Balance, December 31, 2011	A		<u>\$ 69,956.53</u>

BOROUGH OF RUMSON
COUNTY OF MONMOUTH, NEW JERSEY

CURRENT FUND

SCHEDULE OF SCHOOL TAXES PAYABLE

Year ended December 31, 2011

	<u>Reference</u>	<u>Local School District</u>	<u>Regional High School</u>
School Tax Payable	A	\$ 4,005,213.76	\$ 3,787,060.25
School Tax Deferred	22-A	<u>1,835,174.03</u>	<u>1,625,435.21</u>
Balance, December 31, 2010		5,840,387.79	5,412,495.46
Increased By:			
Levy (School Year July 1, 2011 to June 30, 2012)	A-1,3-A	<u>13,840,220.00</u>	<u>11,205,844.26</u>
		19,680,607.79	16,618,339.72
Decreased By:			
Cash Disbursements	1-A	<u>13,840,219.00</u>	<u>11,205,844.33</u>
Balance, December 31, 2011		<u>\$ 5,840,388.79</u>	<u>\$ 5,412,495.39</u>
Analysis of Balance:			
School Tax Payable	A	\$ 4,005,214.76	\$ 3,787,060.18
School Tax Deferred	22-A	<u>1,835,174.03</u>	<u>1,625,435.21</u>
		<u>\$ 5,840,388.79</u>	<u>\$ 5,412,495.39</u>

BOROUGH OF RUMSON
COUNTY OF MONMOUTH, NEW JERSEY

CURRENT FUND

SCHEDULE OF PRIOR YEAR CONSTRUCTION FEES PAYABLE

Year ended December 31, 2011

Reference

Balance, December 31, 2011 and 2010	A	<u>\$ 133.50</u>
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BOROUGH OF RUMSON
COUNTY OF MONMOUTH, NEW JERSEY

GRANT FUND

SCHEDULE OF ENCUMBRANCES PAYABLE

Year ended December 31, 2011

	<u>Reference</u>		
Balance, December 31, 2010	A		\$ 1,860.00
Decreased By:			
Cash Disbursements	1-A	\$ 1,760.00	
Transferred to Appropriated Grants	28-A	<u>100.00</u>	
			<u>1,860.00</u>
Balance, December 31, 2011	A		<u>\$ 0.00</u>

BOROUGH OF RUMSON
COUNTY OF MONMOUTH, NEW JERSEY

CURRENT FUND

SCHEDULE OF RESERVE FOR MASTER PLAN

Year ended December 31, 2011

Reference

Balance, December 31, 2011 and 2010	A	<u>\$ 82.82</u>
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BOROUGH OF RUMSON
COUNTY OF MONMOUTH, NEW JERSEY

CURRENT FUND

SCHEDULE OF RESERVE FOR REVALUATION

Year ended December 31, 2011

Reference

Balance, December 31, 2011 and 2010	A	<u>\$ 16,477.91</u>
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BOROUGH OF RUMSON
COUNTY OF MONMOUTH, NEW JERSEY

CURRENT FUND

SCHEDULE OF RESERVE FOR TAX SALE PREMIUMS

Year ended December 31, 2011

	<u>Reference</u>	
Balance, December 31, 2010	A	\$ 40,300.00
Decreased By:		
Cash Disbursements	1-A	<u>40,200.00</u>
Balance, December 31, 2011	A	<u>\$ 100.00</u>

BOROUGH OF RUMSON
COUNTY OF MONMOUTH, NEW JERSEY

GRANT FUND

SCHEDULE OF RESERVE FOR GRANT EXPENDITURES - APPROPRIATED

Year ended December 31, 2011

	Balance December 31, 2010	Budget Appropriation	Encumbrance Payable Cancelled	Paid or Charged	Balance December 31, 2011
State of New Jersey:					
N.J. Transportation Trust Fund Grant	\$ 57,503.32				\$ 57,503.32
Recycling Tonnage Grant	34,288.73	\$ 41,060.09		\$ 75,348.82	
Emergency Road Repair Aid Grant	8,123.26				8,123.26
Clean Communities Program	26,203.36	13,741.87	\$ 100.00	13,908.37	26,136.86
D.W.I. Grant	593.24				593.24
Municipal Court Alcohol Education and Rehabilitation	8,358.36	809.02		1,732.00	7,435.38
Emergency Operations Planning	610.72				610.72
Body Armor Fund	2,755.50				2,755.50
Pothole Program	1,779.33				1,779.33
Drunk Driving Enforcement Fund	1,872.55			1,872.55	
Stormwater Grant	7,962.63				7,962.63
Handicapped Recreation Opportunities	16.00				16.00
N.J. State Police 2004 Exercise Pass Grant	310.00				310.00
FY'08 Assistance to Firefighters Grant	1,426.00				1,426.00
NJ DOT Blackpoint Horseshoe		160,000.00			160,000.00
	<u>\$ 151,803.00</u>	<u>\$ 215,610.98</u>	<u>\$ 100.00</u>	<u>\$ 92,861.74</u>	<u>\$ 274,652.24</u>
Reference	A	A-3	24-A	1-A	A

BOROUGH OF RUMSON
COUNTY OF MONMOUTH, NEW JERSEY

GRANT FUND

SCHEDULE OF RESERVE FOR GRANT EXPENDITURES - UNAPPROPRIATED

Year ended December 31, 2011

	<u>Reference</u>	
Balance, December 31, 2010	A	\$ 41,060.09
Increased By:		
Cash Receipts	1-A	<u>33,664.13</u>
		74,724.22
Decreased By:		
Transferred To Grants Receivable	9-A	<u>41,060.09</u>
Balance, December 31, 2011	A	<u><u>\$ 33,664.13</u></u>

BOROUGH OF RUMSON
COUNTY OF MONMOUTH, NEW JERSEY

CURRENT FUND

SCHEDULE OF DEFERRED CHARGES

Year ended December 31, 2011

	<u>Reference</u>	
Balance, December 31, 2010	A	\$ 0.00
Increased By:		
Emergency Appropriation	A-1,A-3	<u>25,000.00</u>
Balance, December 31, 2011	A	<u>\$ 25,000.00</u>

BOROUGH OF RUMSON
COUNTY OF MONMOUTH, NEW JERSEY

CURRENT FUND

SCHEDULE OF RESERVE FOR TAX APPEALS

Year ended December 31, 2011

	<u>Reference</u>	
Balance, December 31, 2010	A	\$ 0.00
Increased By:		
Transferred from Appropriation		
Reserves	10-A	<u>463,937.02</u>
Balance, December 31, 2011	A	<u>\$ 463,937.02</u>

TRUST FUND

SCHEDULES

BOROUGH OF RUMSON
COUNTY OF MONMOUTH, NEW JERSEY

TRUST FUND

SCHEDULE OF CASH RECEIPTS AND DISBURSEMENTS - TREASURER

Year ended December 31, 2011

	<u>Reference</u>	<u>Animal Control</u>	<u>Trust - Other</u>	<u>Recreation Commission</u>
Balance, December 31, 2010	B	<u>\$ 27,654.96</u>	<u>\$ 2,324,179.54</u>	<u>\$ 249,437.84</u>
Increased By Receipts:				
Recreation Fees	B-1			336,782.70
Dog License Fees	2-B	14,643.20		
Other Reserves	4-B		1,872,928.23	
Due To Current Fund	8-B		10,964.00	
Dog License Registration Fees	7-B	<u>1,264.80</u>		
		<u>15,908.00</u>	<u>1,883,892.23</u>	<u>336,782.70</u>
		<u>43,562.96</u>	<u>4,208,071.77</u>	<u>586,220.54</u>
Decreased By Disbursements:				
Recreation Expenses	B-1			362,734.29
Animal Control Expenditures	2-B	10,429.07		
Due To Current Fund	3-B, 8-B	3,717.36	10,964.00	
Other Reserves	4-B		1,612,061.67	
Dog License Registration Fees	7-B	<u>1,263.60</u>		
		<u>15,410.03</u>	<u>1,623,025.67</u>	<u>362,734.29</u>
Balance, December 31, 2011	B	<u><u>\$ 28,152.93</u></u>	<u><u>\$ 2,585,046.10</u></u>	<u><u>\$ 223,486.25</u></u>

BOROUGH OF RUMSON
COUNTY OF MONMOUTH, NEW JERSEY

ANIMAL CONTROL FUND

SCHEDULE OF RESERVE FOR DOG FUND EXPENDITURES

Year ended December 31, 2011

	<u>Reference</u>		
Balance, December 31, 2010	B		\$ 23,931.00
Increased By:			
Dog License Fees Collected		\$ 9,228.20	
Miscellaneous Fees Collected		<u>5,415.00</u>	
	1-B		<u>14,643.20</u>
			38,574.20
Decreased By:			
Expenditures Under R.S.4:19-15.11	1-B	10,429.07	
Statutory Excess	3-B	<u>1,595.13</u>	
			<u>12,024.20</u>
Balance, December 31, 2011	B		<u>\$ 26,550.00</u>
	2009 Fees	\$ 12,882.20	
	2010 Fees	<u>13,667.80</u>	
		<u>\$ 26,550.00</u>	

BOROUGH OF RUMSON
COUNTY OF MONMOUTH, NEW JERSEY

ANIMAL CONTROL FUND

SCHEDULE OF DUE TO CURRENT FUND

Year ended December 31, 2011

	<u>Reference</u>	
Balance, December 31, 2010	B	\$ 3,717.36
Increased By:		
Statutory Excess	2-B	<u>1,595.13</u>
		5,312.49
Decreased By:		
Payments To Current Fund	1-B	<u>3,717.36</u>
Balance, December 31, 2011	B	<u><u>\$ 1,595.13</u></u>

BOROUGH OF RUMSON
COUNTY OF MONMOUTH, NEW JERSEY

TRUST - OTHER FUND

SCHEDULE OF RESERVE FOR VARIOUS TRUST FUNDS

Year ended December 31, 2011

	Balance December 31, <u>2010</u>	<u>Increases</u>	Cash <u>Disbursements</u>	Balance December 31, <u>2011</u>
Payroll Deductions:				
Pension System	\$ 11,131.48	\$ 1,469,806.00	\$ 1,469,806.00	\$ 11,131.48
State Unemployment	<u>120,229.51</u>	<u>6,892.97</u>	<u>34,266.84</u>	<u>92,855.64</u>
	<u>131,360.99</u>	<u>1,476,698.97</u>	<u>1,504,072.84</u>	<u>103,987.12</u>
Forfeited Funds	420.50	7.63	4.46	423.67
Engineering and Escrow				
Deposit	472,450.28	57,116.70	34,026.46	495,540.52
P.O.A.A. Fees	1,259.42	174.00	106.75	1,326.67
Public Defender	2,553.00	100.00	200.00	2,453.00
Cash Bond	52,777.50	14,000.00	36,197.50	30,580.00
Outside Work	7,089.90	35,505.25	10,926.50	31,668.65
Reserve for:				
Street Openings	18,000.00	13,169.20	15,169.20	16,000.00
Sick Leave	206,263.04	6,269.46	5,600.00	206,932.50
C.O.A.H.	1,398,067.91	260,211.94		1,658,279.85
D.A.R.E.	7,666.56	4,383.84	1,385.58	10,664.82
Fire Safety		1,000.00		1,000.00
Cafeteria	1,321.30	4,291.24	4,372.38	1,240.16
Miscellaneous - Other	<u>19,354.28</u>			<u>19,354.28</u>
	<u>2,187,223.69</u>	<u>396,229.26</u>	<u>107,988.83</u>	<u>2,475,464.12</u>
	<u>\$ 2,318,584.68</u>	<u>\$ 1,872,928.23</u>	<u>\$ 1,612,061.67</u>	<u>\$ 2,579,451.24</u>
<u>Reference</u>	B	1-B	1-B	B

BOROUGH OF RUMSON
COUNTY OF MONMOUTH, NEW JERSEY

TRUST - OTHER FUND

SCHEDULE OF RESERVE FOR SPECIAL ASSESSMENT

Year ended December 31, 2011

Reference

Balance, December 31, 2011 and 2010	B	<u>\$ 2,613.00</u>
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BOROUGH OF RUMSON
COUNTY OF MONMOUTH, NEW JERSEY

TRUST - OTHER FUNDS

SCHEDULE OF PAYROLL DEDUCTIONS PAYABLE

Year ended December 31, 2011

Reference

Balance, December 31, 2011 and 2010

B

\$ 2,981.86

BOROUGH OF RUMSON
COUNTY OF MONMOUTH, NEW JERSEY

ANIMAL CONTROL FUND

SCHEDULE OF DUE TO STATE OF NEW JERSEY - DOG LICENSES

Year ended December 31, 2011

	<u>Reference</u>	
Balance, December 31, 2010	B	\$ 6.60
Increased By:		
Registration Fees Collected	1-B	<u>1,264.80</u>
		1,271.40
Decreased By:		
Cash Disbursements	1-B	<u>1,263.60</u>
Balance, December 31, 2011	B	<u><u>\$ 7.80</u></u>

BOROUGH OF RUMSON
COUNTY OF MONMOUTH, NEW JERSEY

TRUST - OTHER FUND

SCHEDULE OF DUE TO CURRENT FUND

Year ended December 31, 2011

	<u>Reference</u>	
Balance, December 31, 2010	B	\$ 0.00
Increased By:		
Outside Police Due to Current Fund	1-B	<u>10,964.00</u>
		10,964.00
Decreased By:		
Payment to Current Fund	1-B	<u>10,964.00</u>
Balance, December 31, 2011	B	<u>\$ 0.00</u>

BOROUGH OF RUMSON
COUNTY OF MONMOUTH, NEW JERSEY

LENGTH OF SERVICE AWARDS PROGRAM FUND ("LOSAP")

SCHEDULE OF INVESTMENTS

Year ended December 31, 2011

	<u>Reference</u>		
Balance, December 31, 2010	B		\$ 158,500.71
Increased By:			
Borough Contributions	10-B		<u>20,700.00</u>
			179,200.71
Decreased By:			
Accounting Charges	11-B	\$ 925.00	
Loss on Investments	11-B	<u>1,143.17</u>	
			<u>2,068.17</u>
Balance, December 31, 2011	B		<u>\$ 177,132.54</u>

BOROUGH OF RUMSON
COUNTY OF MONMOUTH, NEW JERSEY

LENGTH OF SERVICE AWARDS PROGRAM FUND ("LOSAP")

SCHEDULE OF DUE FROM CURRENT FUND

Year ended December 31, 2011

	<u>Reference</u>	
Balance, December 31, 2010	B	\$ 0.00
Increased By:		
Appropriation Reserves	11-B	<u>20,700.00</u>
		20,700.00
Decreased By:		
Cash Receipts	9-B	<u>20,700.00</u>
Balance, December 31, 2011	B	<u>\$ 0.00</u>

BOROUGH OF RUMSON
COUNTY OF MONMOUTH, NEW JERSEY

LENGTH OF SERVICE AWARDS PROGRAM FUND ("LOSAP")

SCHEDULE OF MISCELLANEOUS RESERVES

Year ended December 31, 2011

	<u>Reference</u>		
Balance, December 31, 2010	B		\$ 158,500.71
Increased By:			
Borough Contributions	10-B		<u>20,700.00</u>
			179,200.71
Decreased By:			
Accounting Charges	9-B	\$ 925.00	
Loss on Investments	11-B	<u>1,143.17</u>	
			<u>2,068.17</u>
Balance, December 31, 2011	B		<u>\$ 177,132.54</u>

GENERAL CAPITAL FUND
SCHEDULES

BOROUGH OF RUMSON
COUNTY OF MONMOUTH, NEW JERSEY

GENERAL CAPITAL FUND

SCHEDULE OF CASH RECEIPTS AND DISBURSEMENTS - TREASURER

Year ended December 31, 2011

	<u>Reference</u>		
Balance, December 31, 2010	C		\$ 2,005,102.07
Increased By:			
Capital Fund Balance	C-1	\$ 26,133.00	
Due From State of New Jersey	3-C	41,250.00	
Due To Current Fund	4-C	3,475,000.00	
Bond Anticipation Notes	8-C	3,475,000.00	
Capital Improvement Fund	13-C	325,000.00	
Reserve To Pay Bonds	14-C	<u>292,363.53</u>	
			<u>7,634,746.53</u>
			9,639,848.60
Decreased By:			
Due To Current Fund	4-C	3,475,000.00	
Bond Anticipation Notes	8-C	2,151,678.47	
Reserve to Pay Bonds	14-C	467,363.53	
Improvement Authorizations	11-C	<u>1,259,929.09</u>	
			<u>7,353,971.09</u>
Balance, December 31, 2011	C		<u><u>\$ 2,285,877.51</u></u>

BOROUGH OF RUMSON
COUNTY OF MONMOUTH, NEW JERSEY

GENERAL CAPITAL FUND

SCHEDULE OF ANALYSIS OF GENERAL CAPITAL CASH AND INVESTMENTS

Year ended December 31, 2011

	Balance December 31, <u>2011</u>
Due To State of New Jersey	\$ 133.00
Due From Current Fund	(300,000.00)
Encumbrances Payable	583,551.33
Capital Improvement Fund	642,495.77
Retained Percentage Due To Contractors	84.00
Reserve to Pay Bonds	75,000.00
Fund Balance	66,896.56

<u>Date of Ordinance</u>	<u>Improvement Description</u>	
04/06/00	Various Improvements	2,487.00
04/05/01	Various Improvements	7,713.00
04/04/02,07/21/05	Various Improvements	2,540.00
03/06/03	Various Improvements	282.01
04/15/04	Various Improvements	386,739.89
04/15/04	Various Improvements	10,803.65
05/05/05	Various Improvements	95,725.00
08/03/06	First Aid Equipment	2,698.25
05/25/06	Various Improvements	66,579.02
08/17/06	Office of Emergency Management	10,911.35
03/18/08	Various Improvements	57,239.00
08/30/07	Acquisition of Fire Department Gear & Equipment	2,275.74
03/02/09	Acquisition and/or Installation of Equipment	36,614.48
10/13/09	Various Improvements	242,335.20
10/26/10	Police Equipment	5,392.76
04/26/11	Acquisition of Police & DPW Equipment	23,899.50
05/16/11	Various Improvements	263,481.00
		<u>\$ 2,285,877.51</u>

Reference C

BOROUGH OF RUMSON
COUNTY OF MONMOUTH, NEW JERSEY

GENERAL CAPITAL FUND

SCHEDULE OF DUE FROM/(TO) STATE OF NEW JERSEY

Year ended December 31, 2011

	<u>Reference</u>	
Balance, December 31, 2010	C	\$ 41,117.00
Decreased By:		
Cash Receipts	1-C	<u>41,250.00</u>
Balance, December 31, 2011	C	<u><u>\$ (133.00)</u></u>

BOROUGH OF RUMSON
COUNTY OF MONMOUTH, NEW JERSEY

GENERAL CAPITAL FUND

SCHEDULE OF DUE TO CURRENT FUND

Year ended December 31, 2011

Reference

Balance, December 31, 2010	C		\$ 0.00
Increased By:			
Cash Receipts	1-C	\$ 3,475,000.00	
Current Appropriation in Current Fund	13-C	<u>300,000.00</u>	
			<u>3,775,000.00</u>
			3,775,000.00
Decreased By:			
Cash Disbursements	1-C		<u>3,475,000.00</u>
Balance, December 31, 2011	C		<u>\$ 300,000.00</u>

BOROUGH OF RUMSON
COUNTY OF MONMOUTH, NEW JERSEY

GENERAL CAPITAL FUND

SCHEDULE OF DEFERRED CHARGES TO FUTURE TAXATION - FUNDED

Year ended December 31, 2011

	<u>Reference</u>		
Balance, December 31, 2010	C		\$ 14,537,901.57
Decreased By:			
Payment of Serial Bonds:			
Current Fund	7-C	\$ 1,225,000.00	
Payment of Green Acre Loans	9-C	<u>37,654.83</u>	
			<u>1,262,654.83</u>
Balance, December 31, 2011	C		<u>\$ 13,275,246.74</u>

[illegible]

Reference

BOROUGH OF RUMSON
COUNTY OF MONMOUTH, NEW JERSEY

GENERAL CAPITAL FUND

SCHEDULE OF BOND ANTICIPATION NOTES PAYABLE

Year ended December 31, 2011

<u>Date of Ordinance</u>	<u>Improvement Description</u>	<u>Original Issue Date</u>	<u>Date of Issue</u>	<u>Date of Maturity</u>	<u>Interest Rate</u>	<u>Balance December 31, 2010</u>	<u>Increased</u>	<u>Decreased</u>	<u>Balance December 31, 2011</u>
07/19/07	Acquisition of Land	09/29/08	12/15/11	09/15/12	1.50%	\$ 857,142.00	\$ 389,778.47	\$ 857,142.00	\$ 389,778.47
03/18/08	Various Road Improvements	06/16/10	12/15/11	09/15/12	1.50%	809,524.00	980,952.00	809,524.00	980,952.00
06/08/08	Various Road Improvements	06/14/11	12/15/11	09/15/12	1.50%		56,653.58		56,653.58
10/13/09	New Borough Hall	06/16/10	12/15/11	09/15/12	1.50%	952,376.00	952,380.95	952,376.00	952,380.95
09/15/11	Various Improvements	06/14/11	12/15/11	09/15/12	1.50%		1,095,235.00		1,095,235.00
						<u>\$ 2,619,042.00</u>	<u>\$ 3,475,000.00</u>	<u>\$ 2,619,042.00</u>	<u>\$ 3,475,000.00</u>
			<u>Reference</u>	<u>C</u>			<u>1-C, 15-C</u>		<u>C, 6-C</u>
			1-C					\$ 2,151,678.47	
			14-C					<u>467,363.53</u>	
								<u>\$ 2,619,042.00</u>	

BOROUGH OF RUMSON
COUNTY OF MONMOUTH, NEW JERSEY

GENERAL CAPITAL FUND

SCHEDULE OF GREEN ACRES LOAN PAYABLE

Year ended December 31, 2011

	<u>Reference</u>	
Balance, December 31, 2010	C	\$ 676,901.57
Decreased By:		
Budget Appropriation	5-C	<u>37,654.83</u>
Balance, December 31, 2011	C	<u>\$ 639,246.74</u>

BOROUGH OF RUMSON
COUNTY OF MONMOUTH, NEW JERSEY

GENERAL CAPITAL FUND

SCHEDULE OF ENCUMBRANCES PAYABLE

Year ended December 31, 2011

	<u>Reference</u>	
Balance, December 31, 2010	C	\$ 521,365.98
Increased By:		
Improvement Authorizations	11-C	<u>531,207.91</u>
		1,052,573.89
Decreased By:		
Transfer To Improvement Authorizations	11-C	<u>469,022.56</u>
Balance, December 31, 2011	C	<u><u>\$ 583,551.33</u></u>

BOROUGH OF RUMSON
COUNTY OF MONMOUTH, NEW JERSEY

GENERAL CAPITAL FUND

SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

Year ended December 31, 2011

Improvement Description	Date	Ordinance	Amount	Balance December 31, 2010		2011 Authorizations	Transferred From Encumbrance Payable	Paid or Charged	Balance December 31, 2011	
				Funded	Unfunded				Funded	Unfunded
Road Resurfacing	03/02/99	\$	360,000.00							
Various Improvements	04/06/00		1,540,475.00				\$ 2,487.00	\$	2,487.00	
Various Improvements	04/05/01		614,500.00				7,713.00		7,713.00	
Various Improvements	04/04/02, 07/21/05		628,600.00	\$ 2,540.00					2,540.00	
Various Improvements	03/06/03		920,800.00	1,400.01				1,118.00	282.01	
Various Improvements	04/15/04		1,665,000.00	414,788.69				28,798.80	386,739.89	
Various Improvements	04/15/04		775,000.00	10,803.65					10,803.65	
Borough Hall Equipment	04/28/05		17,500.00							
Various Improvements	05/05/05		1,040,000.00	112,914.92				17,189.92	95,725.00	
Police Equipment and Building Repairs	08/17/06		31,500.00							
Acquisition of First Aid Equipment	08/03/06		20,000.00	2,698.25					2,698.25	
Acquisition of Gunning Island	03/16/06		2,134,216.00							
Various Improvements	05/25/06		1,143,000.00	83,299.90				24,335.62	66,579.02	
Office of Emergency Management Equipment	08/17/06		150,000.00	16,735.00				12,844.00	10,911.35	
Various Improvements	03/29/07, 03/18/08,		7,937,000.00		\$ 180,083.55			326,492.60	39,969.29	\$ 17,269.71
Acquisition of Fire Department Gear & Equipment	03/24/09		47,114.00	2,275.74					2,275.74	
Various Improvements	08/30/07		97,500.00		36,388.01			36,388.01		
Acquisition and/or Installation of Equipment	03/02/09		250,000.00	40,903.57				6,278.87	36,614.48	
Various Improvements	10/13/09		1,030,000.00	8,572.00	171,428.00			175,464.44	91,269.11	151,066.09
Police Equipment	10/26/10		30,000.00	30,000.00				24,607.24	5,392.76	
Acquisition of Police and DPW Vehicles and Equipment	04/26/11		275,000.00			\$ 275,000.00		251,100.50	23,899.50	263,481.00
Various Improvements	05/16/11		1,150,000.00			1,150,000.00		886,519.00		4,000,000.00
Refunding Bonds	11/22/11		4,000,000.00			4,000,000.00				
				\$ 726,931.73	\$ 387,899.56	\$ 5,425,000.00	\$ 469,022.56	\$ 1,791,137.00	\$ 785,900.05	\$ 4,431,816.80
		Reference		C	C		10-C	C	C	C, 5-C
		6-C				\$ 5,095,235.00				
		13-C				329,765.00				
						\$ 5,425,000.00				
Cash Disbursements		1-C						\$ 1,269,929.09		
Encumbrances Payable		10-C						531,207.91		
								\$ 1,791,137.00		

BOROUGH OF RUMSON
COUNTY OF MONMOUTH, NEW JERSEY

GENERAL CAPITAL FUND

SCHEDULE OF RETAINED PERCENTAGE DUE TO CONTRACTORS

Year ended December 31, 2011

Reference

Balance, December 31, 2011 and 2010	C	<u>\$ 84.00</u>
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BOROUGH OF RUMSON
COUNTY OF MONMOUTH, NEW JERSEY

GENERAL CAPITAL FUND

SCHEDULE OF CAPITAL IMPROVEMENT FUND

Year ended December 31, 2011

	<u>Reference</u>		
Balance, December 31, 2010	C		\$ 383,232.19
Increased By:			
Cash Receipts	1-C	\$ 325,000.00	
Due From Current Fund	4-C	<u>300,000.00</u>	
			<u>625,000.00</u>
			1,008,232.19
Decreased By:			
BAN's Authorized But Not Issued	15-C	35,971.42	
Improvement Authorizations Funded	11-C	<u>329,765.00</u>	
			<u>365,736.42</u>
Balance, December 31, 2011	C		<u><u>\$ 642,495.77</u></u>

BOROUGH OF RUMSON
COUNTY OF MONMOUTH, NEW JERSEY

GENERAL CAPITAL FUND

SCHEDULE OF RESERVE TO PAY BONDS

Year ended December 31, 2011

	<u>Reference</u>	
Balance, December 31, 2010	C	\$ 250,000.00
Increased By:		
Cash Receipts	1-C	<u>292,363.53</u>
		542,363.53
Decreased By:		
Cash Disbursements	1-C,6-C,8-C	<u>467,363.53</u>
Balance, December 31, 2011	C	<u>\$ 75,000.00</u>

BOROUGH OF RUMSON
COUNTY OF MONMOUTH, NEW JERSEY

GENERAL CAPITAL FUND

SCHEDULE OF BONDS AND NOTES AUTHORIZED BUT NOT ISSUED

Year ended December 31, 2011

<u>Improvement Description</u>	<u>Date of Ordinance</u>	Balance December 31, <u>2010</u>	<u>Increased</u>	<u>Decreased</u>	Balance December 31, <u>2011</u>
Various Improvements	03/18/08	\$ 4.95		\$ 4.95	
Various Improvements	06/05/08	92,625.00		92,625.00	
Various Improvements	10/13/09	171,428.00		171,428.00	
Various Improvements	05/16/11		\$ 1,095,235.00	1,095,235.00	
Refunding Bonds	11/22/11		4,000,000.00		\$ 4,000,000.00
		<u>\$ 264,057.95</u>	<u>\$ 5,095,235.00</u>	<u>\$ 1,359,292.95</u>	<u>\$ 4,000,000.00</u>
	<u>Reference</u>	15-C	6-C		15-C
Capital Improvement Fund	13-C			\$ 35,971.42	
Bonds Anticipation Notes	8-C			<u>1,323,321.53</u>	
				<u>\$ 1,359,292.95</u>	

PUBLIC ASSISTANCE FUND
SCHEDULES

BOROUGH OF RUMSON
COUNTY OF MONMOUTH, NEW JERSEY

PUBLIC ASSISTANCE FUND

SCHEDULE OF CASH RECEIPTS AND DISBURSEMENTS - TREASURER

Year ended December 31, 2011

Reference

Balance, December 31, 2011 and 2010

D

\$ 839.35

BOROUGH OF RUMSON
COUNTY OF MONMOUTH, NEW JERSEY

PUBLIC ASSISTANCE FUND

SCHEDULE OF RESERVE FOR PUBLIC ASSISTANCE EXPENDITURES

Year ended December 31, 2011

Reference

Balance, December 31, 2011 and 2010

D

\$ 839.35

BOROUGH OF RUMSON
COUNTY OF MONMOUTH, NEW JERSEY

PUBLIC ASSISTANCE FUND

SCHEDULE OF CASH RECONCILIATION PER N.J.S. 40A:5-5

December 31, 2011 to January 31, 2012

	P.A.T.F. Account I (75%)	P.A.T.F. Account II (100%)	Fund Total
Balance Per Books, December 31, 2011 and January 31, 2012:	<u>\$ 839.35</u>	<u>\$ 0.00</u>	<u>\$ 839.35</u>
<u>Reference</u>			D
Balance Per Rumson-Fair Haven Bank Statement, January 31, 2012: A/C No. 0112004460	<u>\$ 839.35</u>	<u>\$ 0.00</u>	<u>\$ 839.35</u>

GENERAL FIXED ASSETS ACCOUNT GROUP
SCHEDULE

BOROUGH OF RUMSON
COUNTY OF MONMOUTH, NEW JERSEY

GENERAL FIXED ASSETS ACCOUNT GROUP

SCHEDULE OF GENERAL FIXED ASSETS

Year ended December 31, 2011

	Balance December 31, <u>2010</u>	<u>Additions</u>	<u>Deletions</u>	Balance December 31, <u>2011</u>
Land	\$ 4,992,300.00	\$ 480,000.00	\$ 44,100.00	\$ 5,428,200.00
Buildings	1,965,740.00		425,525.00	1,540,215.00
Equipment	5,251,566.86	561,501.72	434,885.22	5,378,183.36
Improvements	<u>4,400,750.75</u>	<u> </u>	<u> </u>	<u>4,400,750.75</u>
	<u>\$ 16,610,357.61</u>	<u>\$ 1,041,501.72</u>	<u>\$ 904,510.22</u>	<u>\$ 16,747,349.11</u>
<u>Reference</u>	E	1-E	1-E	E

COMMENTS SECTION

BOROUGH OF RUMSON
COUNTY OF MONMOUTH, NEW JERSEY

COMMENTS

Year ended December 31, 2011

An audit of the financial accounts and transactions of the Borough of Rumson, County of Monmouth, New Jersey ("Borough") for the year ended December 31, 2011, has recently been completed. The results of the audit are herewith set forth.

Scope of Audit

The audit covered the financial transactions of the Treasurer, the activities of the Mayor and Borough Council and the records of the various outside departments.

The audit did not and could not determine the character of services rendered for which payment had been made or for which reserves had been set up, nor could it determine the character, proper price or quantity of materials supplied for which claims had been passed.

Cash on hand was counted and cash balances were reconciled with independent certifications obtained directly from the depositories.

Revenues and receipts were verified as to source and amount insofar as the records permitted.

Our audit was made in accordance with auditing standards generally accepted in the United States of America and in compliance with the audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Therefore, our audit included the procedures noted above as well as tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

Contracts and Agreements Required to be Advertised per N.J.S. 40A:11-4

N.J.S. 40A:11-4 states "Every contract awarded by the contracting agent, for the provision or performance of any goods or services, the cost of which in the aggregate exceeds the bid threshold (40A:11-3), shall be awarded only by resolution of the governing body of the contracting unit to the lowest responsible bidder after public advertising for bids and bidding therefore, except as is provided otherwise in this act or specifically by any other law. The governing body of a contracting unit may, by resolution approved by a majority of the governing body and subject to subsections b. and c. of this section, disqualify a bidder who would otherwise be determined to be the lowest responsible bidder, if the governing body finds that it has had prior negative experience with the bidder."

It is pointed out that the governing body of the municipality has the responsibility of determining whether the expenditures in any category will exceed the bid threshold within the fiscal year and, where question arises as to whether any contract or agreement might result in violation of the statute, the solicitor's opinion shall be sought before a commitment is made.

BOROUGH OF RUMSON
COUNTY OF MONMOUTH, NEW JERSEY

COMMENTS

Year ended December 31, 2011

Contracts and Agreements Required to be Advertised per N.J.S. 40A:11-4 (continued)

The minutes indicate that bids were requested by public advertising for the following items:

Forrestdale School and Meadow Ridge Park Improvements
2012 or Newer Refuse Packer Truck
Lincoln And Washington Avenue Bulkhead Replacements
2008 or Newer International 4400 Truck with Hooklift
Borough Hall Roof Addition Project

The system of records did not provide for an accumulation of payments by categories of materials or supplies, or related work or labor. Disbursements were reviewed, however, to determine whether any clear-cut violations existed.

The examination of expenditures did not reveal any individual payments, contracts or agreements in excess of the bid threshold "for the performance of any work or the furnishing of labor materials and supplies or the hiring of teams or vehicles", other than where bids had been previously sought by public advertisement or where a resolution had been previously adopted under the provision of N.J.S. 40A:11-6.

Collection of Interest on Delinquent Taxes and Assessments

The statute provides the method of authorizing interest and the maximum rate to be charged for nonpayment of taxes or assessments on or before the date when they would become delinquent.

The governing body on January 1, 2011 adopted a resolution authorizing interest to be charged on delinquent taxes:

WHEREAS, N.J.S.A. 54:4-67 permits the governing body of each municipality to fix the rate of interest to be charged for non-payment of taxes or assessments subject to any abatement or discount for the late payment of taxes as provided by law; and

WHEREAS, N.J.S.A. 54:4-67 has been AMENDED TO PERMIT THE RAISING OF SAID RATE OF 8% per annum on the first \$1,500.00 of the delinquency and 18% per annum on any amount in excess of \$1,500.00 and allows an additional penalty of 6% to be collected against a delinquency in excess of \$10,000.00 on properties that fail to pay the delinquency prior to the end of the calendar year;

NOW, THEREFORE, BE IT RESOLVED by the Mayor and Council of the Borough of Rumson, County of Monmouth, State of New Jersey as follows:

BOROUGH OF RUMSON
COUNTY OF MONMOUTH, NEW JERSEY

COMMENTS

Year ended December 31, 2011

Collection of Interest on Delinquent Taxes and Assessments (continued)

1. The Tax Collector is hereby authorized and directed to charge 8% per annum on the first \$1,500.00 of taxes becoming delinquent after due date and 18% per annum on any amount of taxes in excess of \$1,500.00 becoming delinquent after due date and if a delinquency is in excess of \$10,000.00 and remains in arrears beyond December 31, an additional penalty of 6% shall be charged against the delinquency.
2. There will be a ten (10) day grace period of quarterly tax payments made by cash, check or money order.
3. Any payments not made in accordance with paragraph 2. of this resolution shall be charged interest from the due date as set forth in paragraph 1. of this resolution.

Tax Sale

The last tax sale was held on December 1, 2011 and was complete.

Confirmation of Delinquent Taxes and Other Charges

A test verification of delinquent charges and current payment was made in accordance with the regulations of the Division of Local Government Services, including the mailing of verification notices as follows:

<u>Type</u>	<u>Number Mailed</u>
Payments of 2011 Taxes and Delinquent Taxes	50
Payments of 2011 Sewer Charges and Delinquent Sewer Charges	50

For those confirmation notices which were not returned by taxpayers, we audited subsequent cash collections as an alternative procedure when possible.

BOROUGH OF RUMSON
COUNTY OF MONMOUTH, NEW JERSEY

COMMENTS

Year ended December 31, 2011

Comparative Statement of Operations
and Changes in Fund Balance - Current Fund

	2011		2010	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
<u>Revenue and Other Income Realized</u>				
Fund Balance Utilized	\$ 1,577,600.00	3.12 %	\$ 2,595,250.00	5.11 %
Miscellaneous - From Other				
Than Local Property Tax Levies	4,533,078.86	8.95	4,094,589.49	8.06
Collection of Delinquent Taxes				
and Tax Title Liens	320,162.12	0.63	225,108.77	0.44
Collection of Current Tax Levy	<u>44,211,038.68</u>	<u>87.30</u>	<u>43,877,978.18</u>	<u>86.39</u>
Total Revenues	<u>50,641,879.66</u>	<u>100.00 %</u>	<u>50,792,926.44</u>	<u>100.00 %</u>
<u>Expenditures</u>				
Budget Expenditures:				
Municipal Purposes	14,498,408.95	29.38 %	14,760,389.67	29.85 %
County Taxes	9,786,745.57	19.83	9,807,775.18	19.82
Local and Regional School Taxes	25,046,064.26	50.76	24,873,155.66	50.30
Other Expenditures	<u>11,786.27</u>	<u>0.02</u>	<u>5,676.69</u>	<u>0.01</u>
Total Expenditures	<u>49,343,005.05</u>	<u>100.00 %</u>	<u>49,446,997.20</u>	<u>100.00 %</u>
Excess in Revenue	1,298,874.61		1,345,929.24	
Adjustment To Income Before Fund Balance:				
Expenditures Above Which Are By Statute				
Deferred Charges To Budget of Succeeding				
Year	<u>25,000.00</u>			
Statutory Excess To Fund Balance	1,323,874.61		1,345,929.24	
Fund Balance, January 1	<u>5,720,239.57</u>		<u>6,969,560.33</u>	
	7,044,114.18		8,315,489.57	
Decreased By:				
Utilized as Anticipated Revenue	<u>1,577,600.00</u>		<u>2,595,250.00</u>	
Fund Balance, December 31	<u>\$ 5,466,514.18</u>		<u>\$ 5,720,239.57</u>	

BOROUGH OF RUMSON
COUNTY OF MONMOUTH, NEW JERSEY

COMMENTS

Year ended December 31, 2011

Comparative Schedule of Tax Rate Information

	<u>2011</u>	<u>2010</u>	<u>2009</u>
Tax Rate	\$ 1.508	\$ 1.490	\$ 1.431

Apportionment of Tax Rate

Municipal	.332	.323	.302
County	.329	.328	.327
Local School	.468	.458	.441
Regional High School	.379	.381	.361

Assessed Valuations

2011	\$ 2,956,695,866.00
2010	\$ 2,967,961,526.00
2009	\$ 2,957,460,328.00

Comparison of Tax Levies and Collection Currently

<u>Year</u>	<u>Tax Levy</u>	<u>Currently</u>	
		<u>Cash Collections</u>	<u>Percentage of Collections</u>
2011	\$ 44,907,456.46	\$ 44,211,038.68	98.44%
2010	44,542,777.33	43,877,978.18	98.50
2009	42,804,653.85	42,336,440.44	98.90

Comparative Schedule of Delinquent Taxes and Tax Title Liens

<u>Year</u>	<u>Amount of Tax Title Liens</u>	<u>Amount of Delinquent Taxes</u>	<u>Total Delinquent</u>	<u>Percentage of Tax Levy</u>
2011	None	\$ 463,982.57	\$ 463,982.57	1.03%
2010	None	346,519.58	346,519.58	0.77
2009	None	223,858.77	223,858.77	0.52

BOROUGH OF RUMSON
COUNTY OF MONMOUTH, NEW JERSEY

COMMENTS

Year ended December 31, 2011

Property Acquired by Tax Title Lien Liquidation

The value of property acquired by liquidation of tax title liens on December 31, on the basis of the last assessed valuation of such properties, was as follows:

<u>Year</u>	<u>Amount</u>
2011	\$ 5,800.00
2010	5,800.00
2009	5,800.00

Comparative Schedule of Fund Balances

Current Fund

<u>Year</u>	<u>Balance December 31</u>	<u>Utilized in Budget of Succeeding Year</u>	<u>Deferred School Taxes</u>
2011	\$ 5,466,514.18	\$ 1,661,600.00*	\$ 3,460,609.24
2010	5,720,239.57	1,577,600.00	3,460,609.24
2009	6,969,560.33	1,750,000.00	3,460,609.24
2008	7,482,652.37	1,992,500.00	3,460,609.24
2007	6,985,794.59	1,971,182.00	3,460,609.24

* Budget not introduced/adopted as of the date of this report

BOROUGH OF RUMSON
COUNTY OF MONMOUTH, NEW JERSEY

COMMENTS

Year ended December 31, 2011

Officials in Office and Surety Bonds

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
John E. Ekdahl	Mayor	Dec. 31, 2011
Shaun Broderick	President of Council	Dec. 31, 2011
Joseph Hemphill	Councilman	Dec. 31, 2013
Joan P. DeVoe	Councilwoman	Dec. 31, 2013
Benjamin W. Day, Jr.	Councilman	Dec. 31, 2011
Mark E. Rubin	Councilman	Dec. 31, 2012
Frank Shanley	Councilman	Dec. 31, 2012

During 2011, the Borough of Rumson was provided insurance as part of the Municipal Excess Liability Joint Insurance Fund. The Government Crime Policy coverage is as follows:

Employee Theft - Per Loss Coverage	\$ 1,000,000.00
Forgery or Alteration	1,000,000.00
Inside the Premises - Theft of Money and Securities	1,000,000.00
Inside the Premises - Robbery or Safe Burglary of Other Property	1,000,000.00
Computer Fraud	1,000,000.00
Public Employee Dishonesty	1,000,000.00

All of the above bonds were examined and found to be properly executed.

INTERNAL CONTROL SECTION

Hutchins, Farrell, Meyer & Allison, P.A.

Certified Public Accountants • Business & Financial Advisors

Robert H. Hutchins, CPA, CVA, CFF
Eugene M. Farrell, CPA, RMA, CFP
Robert W. Allison, CPA, RMA
Alan E. Meyer, CPA/ABV, CFF
Joann DiLieto, CPA

Patrice R. Antonucci, CPA
Glenn G. VanPell, CPA
Karen D. Davis, CPA, CVA
Crystal L. Fitzpatrick, CPA
Hélène T. Morizzo, CPA

Monmouth County Office

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(732) 409-0800
Fax: (732) 866-9312

Ocean County Office

512 Main Street • PO Box 1778
Toms River, NJ 08754
(732) 240-5600
Fax: (732) 505-8358

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Honorable Mayor and Members
of the Borough Council
Borough of Rumson, New Jersey

We have audited the regulatory-basis financial statements of the Borough of Rumson, County of Monmouth, New Jersey ("Borough") as of and for the year ended December 31, 2011, and have issued our report thereon dated April 10, 2012 in which we expressed an adverse opinion on the conformity of the statements with accounting principles generally accepted in the United States of America due to the differences between those principles and the accounting practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey ("Division"), and a qualified opinion since the Division does not require the Length of Service Award Program ("LOSAP") to be audited, only reviewed. Except as discussed in the preceding sentence, we conducted our audit in accordance with auditing standards generally accepted in the United States of America; and standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and audit requirements as prescribed by the Division.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Borough's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Borough's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Borough's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Borough's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

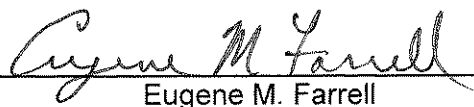
Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Borough's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

This report is intended solely for the information and use of the Borough of Rumson's management, and Council members, others within the organization, and the Division, and is not intended to be and should not be used by anyone other than these specified parties.

Hutchins, Farrell, Meyer & Allison, P.A.

Independent Auditors



Eugene M. Farrell
Registered Municipal Accountant
(#409)

April 10, 2012

COMMENTS AND RECOMMENDATIONS

BOROUGH OF RUMSON
COUNTY OF MONMOUTH, NEW JERSEY
COMMENTS AND RECOMMENDATIONS

Year ended December 31, 2011

None noted.